

Don't write,

"Semester Program"

# •JA COMPANY MANUAL•

Shut up,  
Howard Cosell!

How DO I SPELL RELIEF?  
C-O-L-L-O-M-B-I-E-D

A Management  
Guide for the  
Board of Directors

I LOVE  
BUSINESS  
SERVICES!

pld took away  
the paper in down!



Steve Atorore

MASTER

manager



JEW  
POWER

Awards of the Year for '78-'79:

Barlie's Bankers

I know I'm not  
a Barbie!

know I'm not  
a Barbie!  
Definitely out: Mary's Angel!

~~Mattress: Tonight  
Mattress: Tomorrow is  
Not Tomorrow~~

Address: 15628 Lombard St.  
San Francisco, Cal.



NAME

*Marty Felsenfeld*

WEEK 1

*Profit*  
*3 to 6%*  
*avg.*



2

3

4

5

6

7

8

9

10

11

12

13

14

15



PROFIT ON THE AVERAGE  
FOR EACH DOLLAR U.S.  
INDUSTRY TAKES IN.



# TABLE OF CONTENTS

WEEK	PAGE
1. Welcome, Business Opinion Survey, Get Acquainted, Product Presentation, Safety, Corporate Organization, Name, Charter, Bylaws, Contests and Awards, Officer Job Descriptions, Compensation Rates, Capitalization/Stock Sales, Production.	1
2. Getting Re-acquainted, Capitalization, Product Pricing, Election of Officers, Initial Officer Orientation, Open Bank Account, Production.	19
3. Installation of Officers, Charter Presentation, Sales Contest, Stock Sales Continue, Lease, Sales Training, Production. * Officer training at Counseling Firm.	25
4. Marketing Plan, Finalize Capitalization, Production, Goal Review.	31
5. Bank Statement Received, Production. Discussion Topic: Capital. Goal Review.	39
6. Production, First Payroll, JA Invoice, Close Books, Goal Review.	41
7. Financial Report Due, JA Invoice Payment Due, Board Meeting, Production. Discussion Topic: Productivity. Goal Review.	43
8. Production, Audit, Mid-year Evaluation, JA Staff Reviews Books, Goal Review.	48
9. Production, Sales Recognition Award, Discussion Topic: Profits. Goal Review.	51
10. Establish Annual Report Committee, Award Applications Due, Production, Goal Review.	54
11. Production, Goal Review.	59
12. Last Week of Production, Prepare to liquidate all surplus products and supplies, Second JA Invoice. Goal Review.	60
13. Final Sales—All Cash Turned In, Liquidation Meeting, Bank Statement, Sales Contest Completed, JA Invoice Payment Due, Close Books, Blue Chip Company Award Application. Discussion Topic: Business/Society/Careers. Goal Review.	61
14. Liquidate, Discussion Topic: Business/Government/Taxes.	66
15. Annual Board Meeting, Collate and Mail Annual Report, Awards Presented, Review of Year, Distribution of Payroll, Business Opinion Survey, Goal Review.	72
Glossary	74
* Between weeks 3 and 4	



# THE JA EXPERIENCE

Welcome to one of the most exciting and unique experiences you will ever be involved in. In JA you will run your own business from capitalization to liquidation. You will make the decisions and do the work. Your company's success will depend on the combined efforts of every member of your Board of Directors, which is made up of every member of your company. *That's you!*

As a member of the Board of Directors of your Junior Achievement Company it will be your responsibility to participate in its decisions. In order to make the correct decisions, you will have to be completely informed on all aspects of your company's activities. This manual is designed to help keep you advised of your company's performance in key areas. All you have to do is bring your manual to every company meeting and fill in the appropriate spaces with the information given to you by your company officers and Advisers. You can then feel confident that you will make informed decisions concerning your company's operation.

During the first two JA meetings, you will be organizing your company. You will be relying heavily on your three advisers during this organizational phase. However, you elect your own officers during the second meeting, and you should be operating the company on your own by the fourth meeting.

That is what makes JA so unique. You, as high school students, will be doing the same things in the running of your JA company that any adult corporation does, only in a scaled down version. In running the company, you will:

- Establish goals and objectives for your company
- Incorporate and capitalize

- Organize the Board of Directors and elect officers
- Manufacture and market a product
- Maintain a complete financial record system
- Pay wages, salaries, commissions . . . and taxes

Finally, at program's end, you will compile an Annual Report, liquidate the company and, if you've been successful, return your stockholders' original investment plus a dividend.

But Junior Achievement isn't all work. You will also:

- Make new friends
- Obtain valuable job contacts and references
- Learn salable job skills
- Compete for cash awards and travel opportunities
- Receive recognition for your achievements
- Gain valuable practical experience and knowledge
- Develop leadership talents
- Learn something about human nature—and about yourself
- Gain insights into many careers (Reading about a profession and trying it firsthand are entirely different experiences.)

JA also offers social activities, plant tours, out-of-town conferences, and other special events. In addition, you will have the opportunity to compete for awards in a variety of contests.

Prepare yourself for a challenging, rewarding, and thoroughly enjoyable experience. You will have the opportunity to learn firsthand how the free enterprise system works, by actually working within it.

Again, welcome to JA.

**NOTE:** Those Achievers who are receiving school credit for involvement in JA should be aware that one requirement showing acceptable participation in JA is a completed manual.



Population  
6%

World Land  
7%

Goods  
75%

## THE FREE ENTERPRISE SYSTEM

As you will see during your 15 week involvement with Junior Achievement, the American Free Enterprise System is exciting and productive. It has enabled this country to provide its citizens with the highest standard of living in the world.

The cornerstone of the Free Enterprise System being used by American businesses is profit. Profit allows our industry to provide this country with the things that are necessary to assure the economic growth and well being of the United States. The profit, of only 3 to 6% that the average American company makes on each sales dollar, is what is used to provide new jobs, buildings and equipment for expansion, and for the research and development of new products and services.

These new products and services include such diverse items as the automobiles, clothing, cosmetics, stereo systems and toys demanded by the consumer market—to the very costly research and development necessary to the production of new medicines for the prevention of diseases worldwide, and for fertilizers and pesticides used to increase the yield of crops and for the control of destructive insects.

The Free Enterprise System has allowed the United States, with only six percent of the world's

population, to produce 48 percent of the world's goods and services. Without profits, this could not happen.

The Free Enterprise System has been criticized over the years as being a rip-off. People have said that profit is a "dirty word", some even say that any profit is unnecessary and unethical. You will learn in the next 15 weeks as you operate your own miniature Free Enterprise System that profits are not bad — they are the foundation upon which this country has been built.

In addition, the volunteer leadership for charitable organizations in this country is provided by the business community. Business and industry also give millions of dollars a year to help fund these same organizations. Besides providing the funds and manpower to charitable organizations such as the United Way, business and industry also support non-profit organizations such as Junior Achievement. JA is a national, non-profit organization that receives its financial support entirely from local business and industry. Your advisers are also provided by these same firms on a voluntary basis.

As you will see, the companies that make up our Free Enterprise System are doing much to improve the quality of life in this country through their commitment to its continuing economic growth.



The future of this business is in your hands . . .

The success of this company is only as good as the individual performance of each person here . . .

### JA Performance Standards

You should work to:

- be in the top 1/3 of your company sales
- have at least 85% attendance
- completely fill in your company manual
- a recommendation from your Executive Adviser

If you can accomplish all these things this semester you will be eligible to return another semester.

tear out

### JUNIOR ACHIEVEMENT OFFICER CANDIDATE PETITION

NAME: Mr. Martin Felsenfeld AGE 18 1/2  
SCHOOL Cypress College COURSE Career Preparation GRADE Adult

1. Have you had prior Junior Achievement experience?

Give details: Company, offices held, etc.

Assistant Secretary (briefly)  
Friend recommended me to come here

2. Have you been an officer in school, club or other group?

no

3. CHECK OFFICES DESIRED. (If you check more than one, indicate preference by numbers.)

\_\_\_\_ President

\_\_\_\_ Vice-President Production

\_\_\_\_ Vice-President  
Administration

\_\_\_\_ Vice-President Finance

\_\_\_\_ Vice-President Marketing



*Profit is*



**JUNIOR ACHIEVEMENT**



# WEEK 1

Date 10/02/78

*did not come;  
Jewish holiday*

**23½ Production Hours in JA  
12 Sales Weeks in JA**

## THIS WEEK'S OBJECTIVES

- |  |            |
|--|------------|
| <input checked="" type="checkbox"/> Orientation          | Time       |
| Register Achievers                                       | 20 minutes |
| Complete Business Opinion Survey                         |            |
| Introductions and welcome                                |            |
| <input checked="" type="checkbox"/> Get acquainted       | 30 minutes |
| <input checked="" type="checkbox"/> Product presentation | 10 minutes |
| <input checked="" type="checkbox"/> Group meetings       | 45 minutes |

### I. *Production Adviser*—15 minutes

- Production Techniques
- Quality control
- Finishing
- Safety
- Packaging and labeling

### II. *Executive Adviser*—15 minutes

- Organizing the Company
- Company Name
- Bylaws and Local Policies
- Charter
- Lease
- Contests and Awards

### III. *Finance Adviser*—15 minutes

- Nominating Committee
- Officer Job Descriptions
- Officer Candidate Petitions
- Compensation Structure
- Capitalization/Stock Sales

- |  |            |
|--|------------|
| <input checked="" type="checkbox"/> Re-grouping  | 10 minutes |
| <input checked="" type="checkbox"/> Selecting Company Name   | 5 minutes  |
| <input checked="" type="checkbox"/> Lease-Charter-Compensation-<br>Structure-Adopted by Entire Board |            |
| <input checked="" type="checkbox"/> Production   | 30 minutes |
| <input checked="" type="checkbox"/> Adjournment  |            |

### Material Needed

- Company Manuals-Center Manager
- Record Systems-Adviser
- Pencils-Adviser
- Product-Adviser
- Chalkboard & Chalk
- Name Tags-President's Records
- Product Materials and Tools-Adviser
- Officer Candidate Petition-Center Manager

### Turn In to JA Office

- Administration Record Folders *yes*
- (Complete 1st week requirements)
- Charter and Bylaws *yes*
- Achiever Registration Cards *yes*
- Business Opinion Survey *yes*

### Complete and Give to Advisers

- Officer Candidate Petitions *yes*



## GET ACQUAINTED (30 minutes)

The following exercise is designed to help you become acquainted with the other members of your JA company.

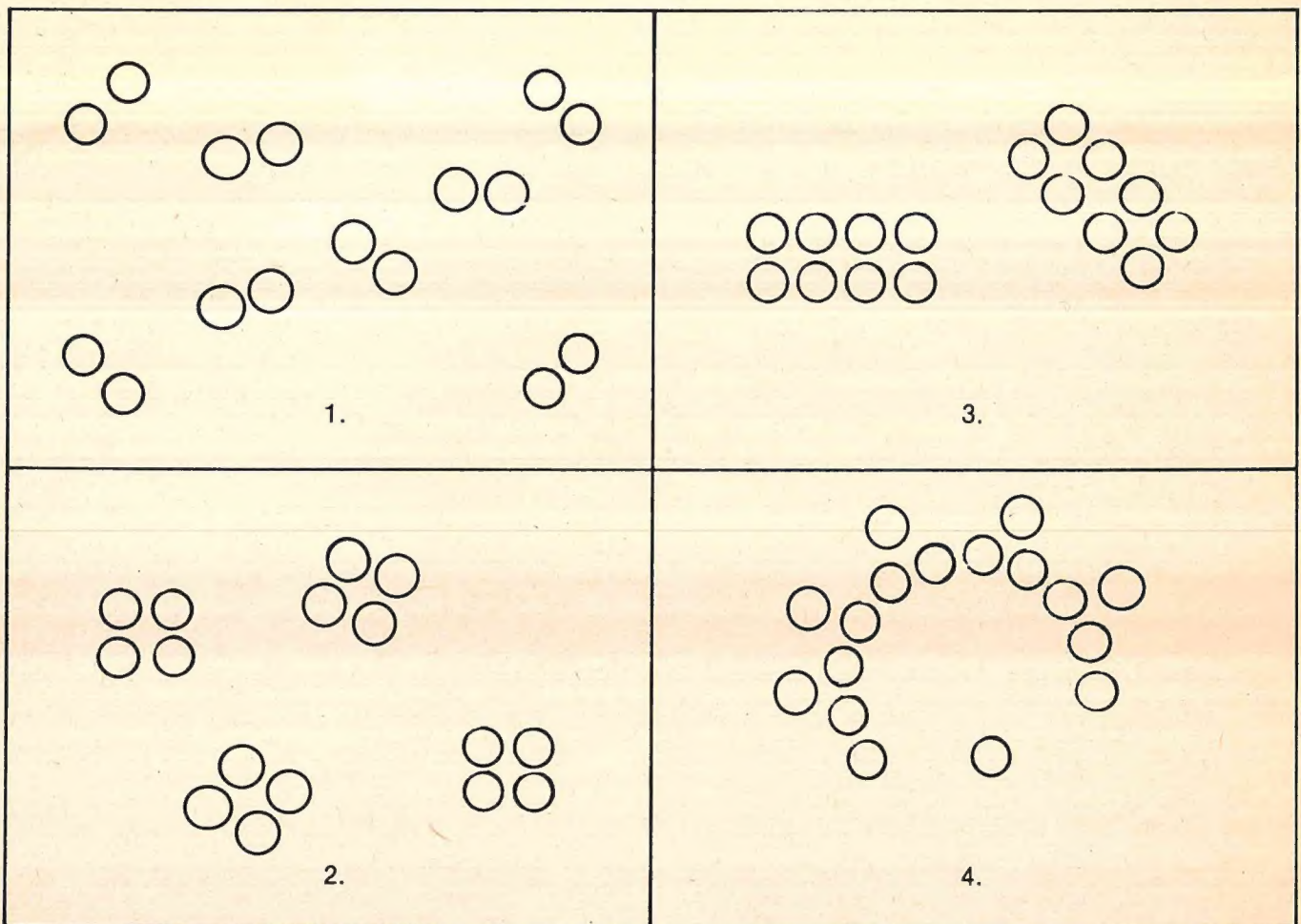
1. *5 minutes.* If space permits, re-arrange the chairs in clusters of two. Pair up with another member and ask him to introduce himself and to express his feelings about JA and reasons for joining. Introductions should include:

School  
Sports, other activities  
Jobs  
Future plans  
Prior JA experience, and  
Reasons for joining JA.

2. *5 minutes.* Combine your pair with another pair to form a group of four. Introduce your partner to the rest of the group (include points listed in Step 1).

3. *10 minutes.* Combine your groups of four into groups of eight and reintroduce your partners to the larger group. Identify the reasons for joining which are common to most of you. The groups would then develop a set of team objectives to satisfy their purpose in joining JA. Appoint a moderator for each group.

4. *10 minutes.* Re-group. Group moderators report their conclusions to the entire company. An adviser should list the group's objectives on a chalk board and moderate a discussion of the entire group to establish company goals and objectives.





## PRODUCT PRESENTATION (10 minutes)

Since it takes months to research and test a new project, your advisers have provided a product to get your company off to a fast start.

The decision of your adviser was based upon a survey of the potential market, the availability of raw materials (everything-such as nails,

wood and paint-that is necessary to manufacture your product), the number of production steps required and the suggested retail price.

The total production time available to your company is approximately 23½ hours. Therefore, a delay in product selection would seriously impair your ability to succeed. As your advisers are presenting the product, write down each production step, each ingredient used in manufacturing your product, and the cost per ingredient, so that we can figure the raw material cost per product.

Step	Ingredient	Cost Per Unit	Total Cost
(Example) Attach side board to base	3 nails	1¢	3¢
1. <i>Soda wire</i>			
2. <i>Fix up wires</i>			
3. <i>Insert handles</i>			
4. <i>Attach dowels</i>			
5. <i>Put on suction cups</i>			
6. <i>Add lights</i>			
7.			

Total cost per product \$ 7.95 Allow an additional 5% for waste \$ \_\_\_\_\_ Total per unit \$ \_\_\_\_\_

### REQUIREMENT FOR SUCCESS

- ☒ There are enough production steps to keep company members busy (assume 15 production workers per company).
- ☐ It can be manufactured on available machinery.
- ☐ It is safe to manufacture and use.
- ☐ Raw materials are readily available. Check delivery time and freight costs if material must be ordered from out of town.
- ☐ It is not so easy to produce that production will quickly outstrip sales.
- ☐ It can be sold at a competitive price and still provide an adequate profit margin and commission. A mark-up of 3 to 4 times raw material cost is generally required to produce a reasonable profit.

- ☒ It can be sold in the moderate price range. This is not a hard and fast rule but experience has shown that the more expensive products are difficult to sell.
- ☒ It has market appeal. It can be made and packaged attractively.
- ☒ It can be easily carried by hand.
- ☒ Company members will take pride in producing and selling the product.
- ☒ It can be sold in winter months during the fall semester and in warm weather during the spring semester.

**NOTE:** The remainder of the agenda will require 90 minutes. To encourage participation, the members will be divided into three groups, with each adviser covering a separate section of the agenda. The groups can then be rotated through the adviser stations every 15 minutes. Don't worry about the confusion in moving chairs. Bring the company back together at the end of the meeting to vote on corporate policy.



# INDIVIDUAL GROUP MEETINGS (45 minutes)

Divide the company into three equal groups. Discussion should cover all the material for each section. Appoint a recording secretary.

## GROUP 1 Production Adviser-15 minutes

### Production Techniques

- ☐ Quality Control
- ☐ Finishing
- ☐ Safety
- ☐ Packaging and Labeling

The material outlined below for Group I is general information concerning your company's production activity. In this discussion your Production Adviser will relate these topics to your company's product and its related procedures.

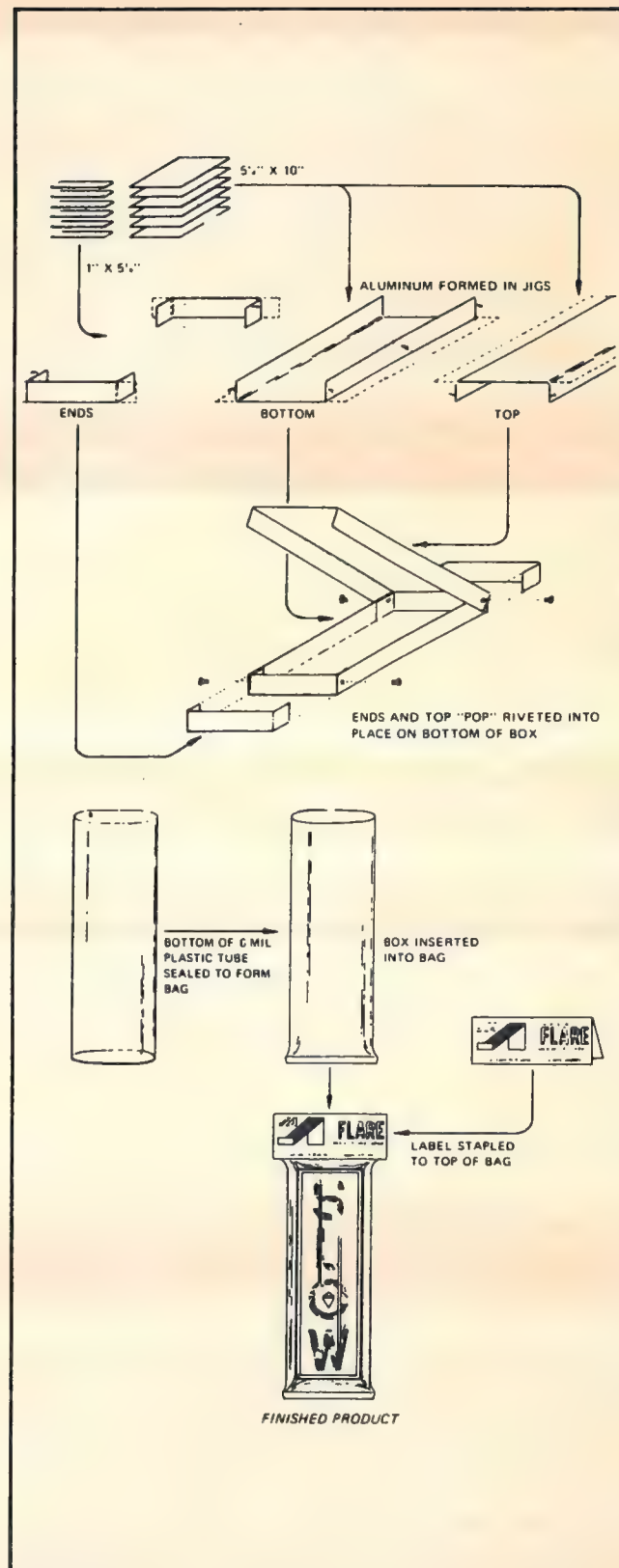
### PRODUCTION TECHNIQUES

**The Assembly Line:** Each worker performs a different function as the product moves from station to station. This practice produces uniformity and high productivity and simplifies the training required. Cover production techniques for our product.

**Job Enrichment:** Greater pride in accomplishment and work satisfaction may be achieved by incorporating one of the following procedures in the assembly line:

1. Rotate workers periodically to different stations.
2. Instead of performing a very simple operation, such as inserting a bolt, have each worker perform a more complex series of operations.
3. Form workers into teams, each team being responsible for a particular phase of production. The team members decide who will perform each operation each day.

**Jigs and Fixtures:** Guides or patterns which ensure interchangeability of components. A "fixture" is a device attached to a machine to cause it to perform an operation in precisely the same fashion over and over (e.g.—a "stop" on a drill press to cause it to drill to an exact depth). A "jig" is a device to guide an operation.





**Quality Control:** A system of quality checks at intervals along the production line to ensure that the finished product meets the company's standards. The control process should begin with the inspection of raw material deliveries and follow through to the packaging stage of production.

Quality criteria should include:

**Durability.** (Test prototype under actual use.)

**Safety to consumer.**

**Appearance/workmanship.** (Compare with competition. Which product would you buy?)

**Performance.** (The product should be use-tested prior to packaging.)

**Some Common Pitfalls or . . . If something can go wrong—it will.**

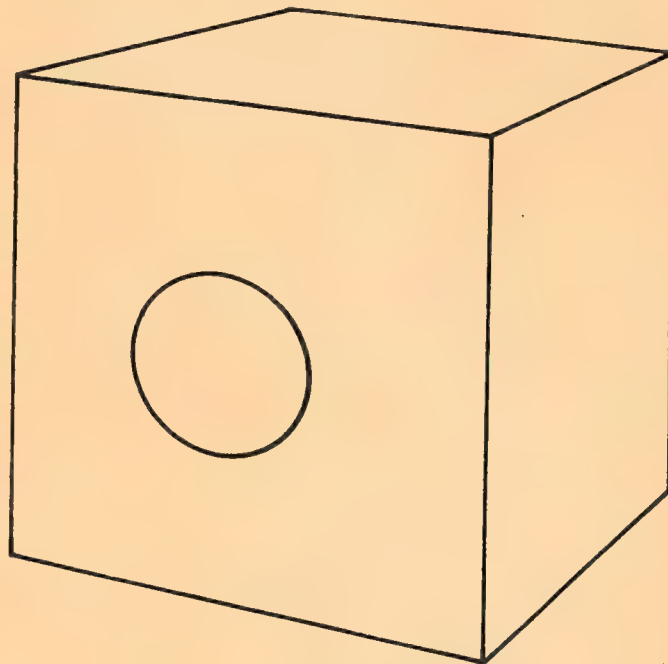
1. **Complex Manufacturing processes.** Keep it simple; you only have 23½ hours available for production. If production methods require several weeks to master, the company may never get off the ground. Avoid close-tolerances and functions requiring a great deal of skill.
2. **Poor planning.** Keep production line supplied with raw material. People like to keep busy—if your company can't keep its members busy, it won't have the problem for long.
3. **Wishful thinking.** Unfortunately some companies settle on a product before actually building a prototype to determine if it can actually be made by company members on JA equipment. Companies have also started to produce products even when problems occurred with the pilot model.
4. **Two-week processes and finishes.** If a product cannot be made in one night, production delays will become cumulative. It is then also difficult to maintain a smooth flow of products to the marketing department.
5. **Lack of organization.** A company can spend a great deal of time setting up the production line each evening and only spend a fraction of their time on actual production.

At least one person should arrive early to check out machinery, install attachments, set up the production line, and make sure that all the required tools and material are on hand.

**Difficult Finishes.** Finishes which require several coats or overnight drying will produce delays and storage problems. Quick-drying spray paints, stains, and waxes are recommended over brush-on paints or varnish. Even a simple lemon oil application will provide a professional finish to good hardwoods.

The use of wood-grained contact paper will also solve the drying problem and will conceal imperfections in material and workmanship. Although contact paper is more expensive than most finishes, it allows the use of inexpensive construction material such as composition board.

When using spray paint, construct a box to trap overspray. Place a lazy susan in the bottom of the box to rotate the product while spraying.



**PAINT SPRAY BOX**



## Safety

An accident-free production year requires little more than the application of common sense and restraint.

No one should be allowed to operate machinery without an adviser present. Operators must be trained in the safe use of the equipment and issued a "Safety Qualification Card". Do **not** use jointers or planers—they have a poor safety record.

### **JUNIOR ACHIEVEMENT SAFETY QUALIFICATION CARD**

This certifies that

*Martin Felderfeld*  
has demonstrated a satisfactory knowledge of the safe and proper method of operating the machine or performing the procedure shown on the reverse and is hereby qualified for assignment requiring such knowledge as a member of a Junior Achievement company.

FORM 53C

#### **Safety Checklist:**

- ☐ Is power equipment grounded?
- ☐ Is insulation sound?
- ☐ Are machine guards in place?
- ☐ Are machines out of traffic pattern?
- ☐ Are machines shut off when not in use?
- ☐ Do machine operators with long hair tie their hair back?
- ☐ Are goggles worn by equipment operators?
- ☐ Are asbestos gloves worn by handlers of hot material?

- ☐ Are gloves worn when handling glass and sharp objects?
- ☐ Are machine operators safely dressed? (No long sleeves, loose clothing, rings, bracelets, wrist watches, necklaces, or ties.)
- ☐ Are paint brushes, paint, and other inflammables stored in metal containers? Do not store rags containing inflammables (rags are cheaper to replace than buildings).
- ☐ Are all tools not in use in a safe place?
- ☐ Is housekeeping adequate? (Clear aisles, no foreign materials on floor, floors dry, etc.)
- ☐ Do you know where the exits are? Fire extinguishers?

**If you're not sure it's safe—don't do it.**

#### **Record Keeping**

The Vice President of Production uses the manufacturing book of the JA record system. It contains detailed safety precautions for various types of equipment. In addition, a number of safety records are contained in the same section. They are: Safety Hazard Report  
Safety Qualification Card  
Accident Report

#### **Consumer Safety (Product Responsibility)**

Every company has the responsibility to safeguard consumers and their property from undue hazards in the storage, use, or even possible misuse of the product.

**General Precautions.** For most products, the following precautions will aid in the prevention of personal or property damage:

- a. Periodically conduct a safety audit for product hazards.
- b. The V.P. of Production should establish a quality control program that provides for inspection procedures and testing of the product prior to selling.



- c. Make sure that all statements made by the company members during selling are accurate. Make no misrepresentation to the public on what the product will or will not do.
- d. If there is a potential hazard involved in the use of the product, be sure that the label contains all the required warnings as to its use or possible misuse as well as first aid and handling information.
- e. Investigate accidents immediately. Determine the cause and correct the deficiency.
- f. Maintain an accident/complaint file; periodically analyze all data.
- g. Strive to keep each product as free from defects as possible.

**Hazardous Products.** Particular attention must be paid to foods, chemicals (including cosmetics), electrical products, and childrens' toys.

**FOODS.** Due to the risk of contamination involved in processing foods, it is recommended that JA companies not engage in this activity.

There is less danger, however, in merely repack-

aging some foods, such as candy, as long as the protective packaging is not removed in the process. Foods subject to spoilage should be avoided.

Labeling and manufacturing must conform to FDA regulation.

**ELECTRICAL PRODUCTS.** Components should carry the UL (Underwriters Laboratories) seal. All wiring and components should be of sufficient capacity and should be adequately insulated. This includes internal posts and connections.

**CHEMICALS.** Flammable and dangerous chemicals and untested formulas should be avoided. Except in the case of harmless household products, a JA company should not produce a chemical product unless counselled by a firm manufacturing a similar product.

**TOYS.** Toys should be free of sharp edges. The finish should be free of any harmful ingredients in case the product is chewed by an infant. The products should be either unbreakable or safe even if broken.



## PACKAGING

Select a method of packaging which will enhance the appearance of the product and protect it in storage and distribution. There are a wide variety of standard packaging materials on the market. These include card and plastic boxes, plastic bags, and shrink wraps in a variety of sizes and shapes. Select the method most suited to your product, keeping in mind:

Economy

Ease of packaging

Storing and handling

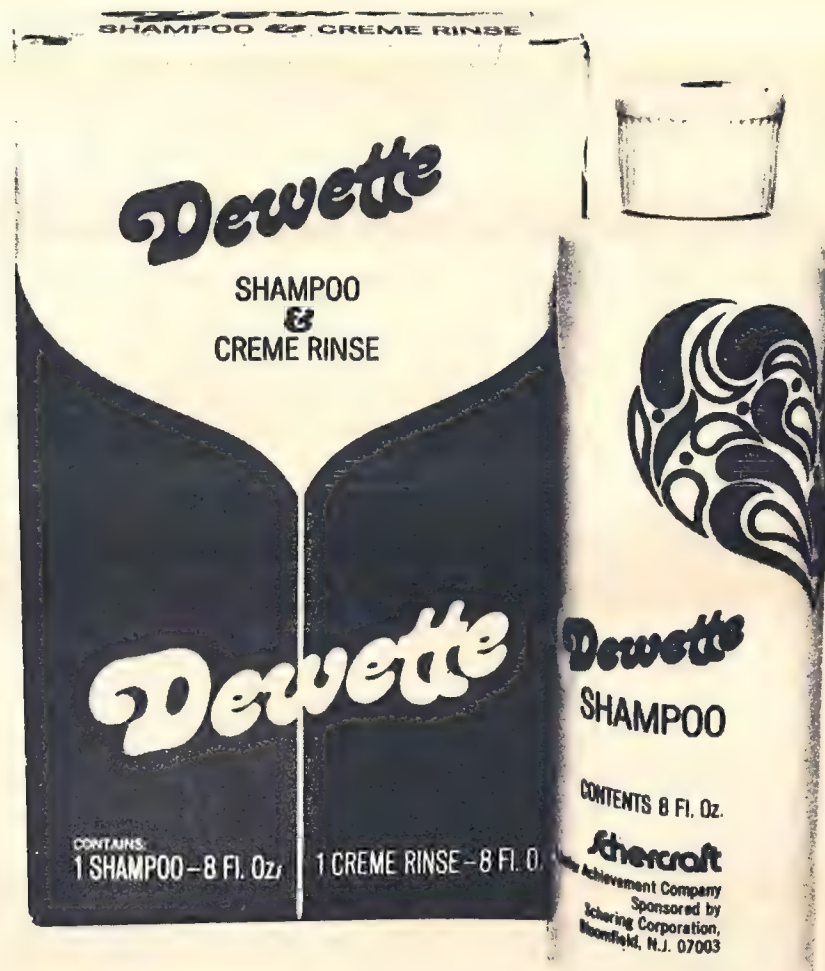
Product protection

Product enhancement

Retail displays where product must sell itself

## LABELING

JA product stickers and string tags are available from the JA office. For most purposes, either of these labels will be sufficient. However, if the product is to be sold through retail establishments, a professional label describing product features should be added. A plastic bag with a one-color paper label folded over and stamped to the top of the bag provides an attractive but low-cost package and label.





## **GROUP 2 Executive Adviser —15 minutes.**

### **Organizing the Company**

- ☐ **Company Name**
- ☐ **Adopt Bylaws and Local Policies**
- ☐ **Sign Charter Application**
- ☐ **Explain and Fill in Lease**
- ☐ **Cover Contests, Awards**

## **HOW OUR BUSINESS WILL OPERATE**

Capitalism is the American way of doing business. This is the economic system where private individuals produce some type of product or render a service which can be sold to the public for profit. By 'economic system' we mean the way a group of people organize themselves and use their resources—manpower, raw materials, land and tools—to produce the things they want.

### **I. SOLE PROPRIETORSHIP**

A person may have enough money himself and use this money to start a business. This is called *SOLE PROPRIETORSHIP*.

#### **Advantages:**

1. Ownership of all profit
2. Ease of organization
3. Freedom and promptness of action
4. Tax savings
5. Personal incentive and satisfaction
6. Minimum legal restrictions on form
7. High credit standing
8. Secrecy
9. Ease of dissolution

#### **Disadvantages:**

1. Unlimited liability
2. Difficulties of management
3. Limitation of size
4. Lack of opportunity for employees
5. Lack of continuity

### **II. PARTNERSHIP**

Two or more persons carry on as co-owners in a business for profit. A person may have some money, but not quite enough. This person may interest another and they form a *PARTNERSHIP*.

#### **Advantages:**

1. Larger amount of capital
2. Credit standing
3. Combined judgment and managerial skills
4. Retention of valuable employees
5. Personal interest in business
6. Definite legal status

#### **Disadvantages:**

1. Unlimited liability of the partners
2. Lack of continuity
3. Divided control
4. Possibility of disagreement among the partners
5. Frozen investment

### **III. BUSINESS CORPORATIONS**

The number of corporations comprise only a fraction of the businesses but contribute up to 80% of the nation's wealth.

A corporation is a group of persons all of whom invest money in a business that they believe will be successful enough to give them a dividend on money they invest.

#### **Advantages:**

1. Limited liability of stockholders
2. Larger size
3. Transfer of ownership
4. Length of life
5. Efficiency of management
6. Ease of expansion
7. Legal entity

#### **Disadvantages:**

1. Taxation
2. Organization expenses
3. Government restriction and reports
4. Lack of personal interest
5. Lack of secrecy
6. Charter restriction



JA companies use the *corporate form of organization* with special charters, issued by Junior Achievement. For comparison, the charters for legal corporations are issued by the state in which the Office is located.

Since each JA company is set up like a corporation, the stockholders, who have invested in it through their purchase of stock, own the company. Each JA company has a Board of Directors, composed of all the Achievers in the company. In an adult corporation this group is selected by the stockholders. Since your company members have joined JA to learn about business, your stockholders give each of you the right to serve on the Board representing their interests.

## MANAGEMENT INFORMATION FOR ALL COMPANY MEMBERS

### STOCKHOLDERS:

Under the corporate structure, a company is owned by one or more individuals through the purchase of shares of stock. Stockholders are entitled to one vote and an equal share of the profits for each share of stock held.

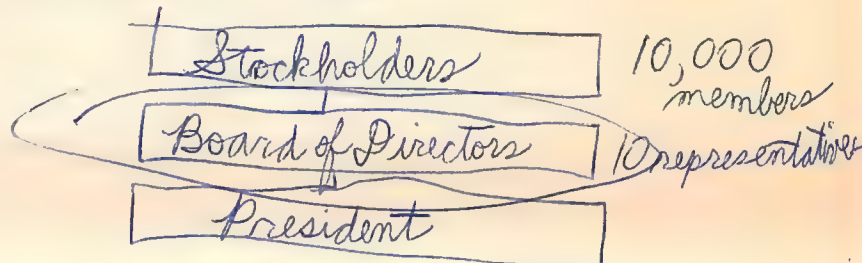
Since it would be difficult for a number of shareholders to manage the company directly, a Board of Directors is elected to oversee the management of the corporation and to protect the stockholders' interests.

Stockholders may vote at the annual meeting in person or by proxy (assigning votes to a representative). The stockholders in your JA company have assigned their proxy to you for election of the Board.

### BOARD OF DIRECTORS:

Every member of your JA company must own one share of stock in the company and be a member of the Board of Directors. The Board elects the officers, who make the administrative decisions and carry out the policies set by the Board. The Board, therefore, has the highest authority in your company. In addition to being Board members, everyone is a production worker and a salesperson, and many are also officers. This diversity allows all company members to taste every facet of business life.

Under the guidance of your advisers, you will: set up your company management; raise money by selling shares of stock; manufacture a product; sell the product; pay wages, salar-



*3/4 of the company is owned by girls!*

ies, and commissions; write checks; keep records; make reports; hold Board of Directors' meetings; prepare the stockholders' report; liquidate the company at the end of the program. That is going to be quite a lot to accomplish in 15 weeks. Do you think you can do it? Your enthusiasm and hard work is what will make your company a success.

### BOARD MEETINGS:

Board meetings provide the directors of the company with the information required to evaluate progress, analyze problems, and discuss various opportunities and courses of action. The directors have an obligation to raise questions until they are satisfied that they possess all the facts and knowledge necessary to make sound decisions. In evaluating operations, you will need to determine the following:

- Are products selling at a sufficient rate to meet your goal?
- Is production efficiency adequate?
- How many products are being scrapped?
- What is actual cost per product versus estimate?
- Do prices need to be raised or lowered?

As part of an ongoing management development program for the directors, a speaker will present discussion topics relating to current activities of the company.



## Name

A company name should inspire confidence (International Business Machines) and project a professional image (General Dynamics). You might also consider choosing a name that suggests what the product or service is.

To protect the unique status of your company as a non-legal corporation you must avoid the use of the words "Corporation", "Incorporated" and "Limited", and any form thereof in your company name. In addition, the phrase "A Junior Achievement Company" should follow the name of your company, wherever it appears.

With your group, brainstorm names which would be appropriate for your business enterprise. Select a couple of good ones, and when the entire group gets back together select your company name from among the best presented.

## ByLaws

In order to incorporate, the organizers of a corporation must draft a set of Bylaws and apply for a charter.

Bylaws are rules drafted by the incorporators to govern the business and its members. The following JA Bylaws are based on those typically used by new corporations.

**ARTICLE I. Membership.** Members must own a share of stock and must be students in the 10th, 11th, or 12th grade. Any member absent from three successive meetings without an acceptable excuse shall be dropped. Members may also be dropped for cause by a two-thirds vote of the board. A member may be reinstated upon recommendation of the President and a majority vote of the Board.

**ARTICLE II. Stockholders.** The company is owned by its stockholders, who may vote in person or by proxy at meetings of stockholders. A stockholder may hold only one share per company. Meetings may be called by the Board of Directors.

**ARTICLE III. Board of Directors.** Control of the company is vested in a Board of Directors consisting of the membership of the Company. A Quorum at any meeting shall consist of one-half of the Board. Duties shall include, but not be limited to, electing and removing officers, setting wages and salary at higher rates and establishing dividends. A majority shall decide any motion to come before the Board.

**ARTICLE IV. Officers.** A President, V.P. Finance, V.P. Administration, V.P. Production, V.P. Marketing, shall be elected to carry out the directives of the Board.

**ARTICLE V. Compensation.** The minimum wage shall be \$.30 per hour. The minimum salary for elected officers shall be \$1.00 per week. Wages and salaries are to be paid for all meetings except the first and last. A commission of at least 10% shall be paid for sales. Any changes must be voted on at the 7th company meeting and clearly stated in dollar amounts.

**ARTICLE VI. Finance.** Checks must be signed by one officer and one adviser.

**ARTICLE VII. Operation.** The company shall restrict its activities to the franchised territory of the JA area and shall terminate operations in the prescribed time limit.

**ARTICLE VIII. Product.** The Product shall be one to which value has been added and shall not present a hazard to consumers or employees.

**ARTICLE IX. Amendments.** Bylaws may be amended by a two-thirds vote of the board of Directors and approval of the Junior Achievement office.

---

---

---



## JA Policies

**Attendance.** Since running a business is a team effort, each director is expected to attend regularly and promptly. All meetings will start on time.

**Safety.** In compliance with insurance provisions, no one may operate power machinery until they have been checked out on the equipment. An adviser must also be present when equipment is operated.

Smoking is restricted by fire department ordinance to designated areas.

---

---

---

## Charter

A Corporate Charter is a government document granting license to operate and extending legal recognition to the corporation. In the U.S., corporations are chartered by the Secretary of State in the state of their official residence. In Canada, charters are granted by the Ministry of Corporate and Consumer Affairs.

*Sign it!* As non-legal corporations, JA companies are chartered by the National Headquarters of Junior Achievement for a fee of \$5.00. The charter entitles the company to operate according to the standard bylaws and policies of Junior Achievement.

To incorporate as a JA company, sign the Charter Application found in your JA record system and submit one copy to the JA office. By signing the application, the incorporators indicate their acceptance of the bylaws and establish themselves as the temporary Board of Directors.





## Contests and Awards

Individual company awards are offered in JA to provide standards for performance and recognition for outstanding achievement.

### INDIVIDUAL RECOGNITION

Membership Pins  
100% Attendance Award  
Sales Awards—\$50, \$100, \$200, \$300, \$400, \$500

### INDIVIDUAL CONTESTS

Consult local procedures for details and entry blanks.

**Best Sales Contest.** Based on professionalism of sales presentation and high volume personal sales.

**Officer Contest.** Contest will be held during each semester. To be eligible for competition you must have successfully *completed* one full period of company operations.

### PROGRESSIVE INDIVIDUAL AWARDS

#### **Achievement Award**

Ten week membership  
80% attendance  
Minimum \$50 in sales  
Written test  
Recommendation by Executive Adviser

Non-officer only  
Qualifies for premium pay  
Qualifies for continuing membership in next program

#### **Management Award**

Ten week membership  
80% attendance  
Minimum \$50 in sales  
Written test  
Recommendation by Executive Adviser  
Elected officer  
Qualifies for premium pay  
Qualifies for continuing membership in next program

#### **Executive Award**

Ten week membership in second period  
90% attendance for current period  
Minimum \$100 in sales  
Test and interview  
Recommendation by Executive Adviser  
JA Staff approval  
Elected officer  
Qualifies for premium pay  
Qualifies for continuing membership in next program

### COMPANY CONTESTS

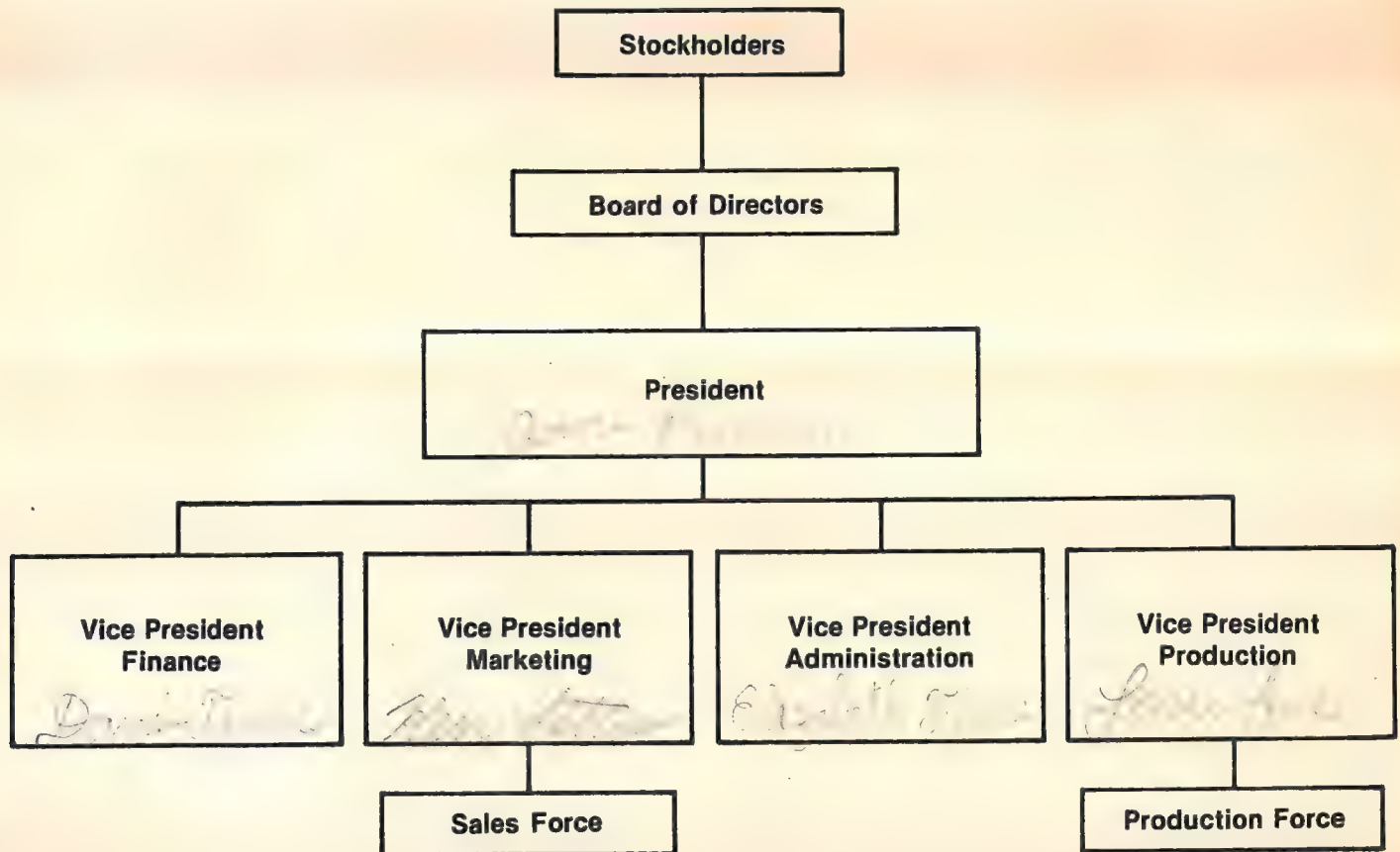
**\$1000 Club.** This award is presented to companies with \$1000 in sales.

**Blue-Chip Company Contest** Judging is based on overall performance. Complete details are included on the entry blank. Entry requirements are as follows:

BLUE CHIP COMPANY QUALIFYING REQUIREMENTS							
Ending membership	12						
Number of Achievers dropped	Members 2nd mtg.	15-17	18-19	20-22	23-25	26-30	Over 30
	Allowable drops	3	4	5	6	7	30%
Number of meetings held	15						
Compensation	Wages: at least \$.30/hr for no less than 13 weeks						
	Salaries: at least \$1.00/wk. for elected officers for no less than 13 weeks						
	Commissions: A commission must be paid on sales at a minimum of 10%.						
Profit before taxes	Company must have made a profit and paid profits tax						
Average attendance for year	80%. To compute, total all weekly attendance figures and divide by total of all membership figures.						
Sales	\$600 for manufacturing companies						
Products	Product must be:						
	a) safe to produce and safe for consumers b) not a commercial product, unless product is purchased in bulk and repackaged (such as window cleaner purchased by the barrel and rebottled or medical supplies repackaged as household first-aid kits).						
EDUCATION	COMPANY MEMBERS COMPLETED MANUALS. * MUST HOLD OFFICER TRAINING. EACH DISCUSSION TOPIC WAS DISCUSSED.						



**TYPICAL CORPORATE ORGANIZATIONAL CHART**





### Group 3 Financial Adviser-15 minutes

- ☐ Nominating Committee
- ☐ Officer Candidate Petition Sample
- ☐ Officer Job Description
- ☐ Compensation Structure
- ☐ Capitalization

#### Nominating Committee

Those company members who wish to run for office should fill out an Officer Candidate Petition. The petitions are then given to the Finance Adviser who will head the Nominating Committee. The committee will then recommend two to three candidates for each of the five positions. The committee should insure that the nominees are the best qualified using the information listed on the Officer Candidate Petitions.

The election will take place next week, and the members elected should be prepared to assume their duties during the third meeting. Immediately before the election, candidates should be prepared to give a 2 to 3 minute speech outlining their qualifications for the position.

#### Officer Job Description

The following outline of Officer Job Descriptions is designed to give members an overall view of the duties and functions of each officer. This will help interested members in making their choices before filling out the Officer Candidate Petitions. Instructions for each officer's records are provided with the record systems, and individual training for each officer will be given by the advisers during the training session at the Counseling Firm between the third and fourth meetings.

##### **President**

Reports to Board of Directors  
Is responsible for the overall operation of the company  
Holds regular officer planning meetings  
Is authorized to sign checks

##### **Vice President of Marketing**

Reports to the President  
Assumes the role of President in the President's absence  
Prepares marketing strategy and goals  
Trains and motivates sales people  
Develops a sales incentive program  
Maintains control of product inventory and keeps record of personal sales and commissions  
Records: Sales Record  
Administrative Record Folder

#### **JUNIOR ACHIEVEMENT OFFICER CANDIDATE PETITION**

NAME: Mr. Martin Felsenfeld AGE 18 1/2  
SCHOOL Cypress College COURSE \_\_\_\_\_ GRADE Adult

1. Have you had prior Junior Achievement experience?  
Give details: Company, offices held, etc. I've been in Jr. Achievement since October, 1977, when a friend asked me to come to meetings.

2. Have you been an officer in school, club or other group?

no

3. CHECK OFFICES DESIRED. (If you check more than one, indicate preference by numbers.)

\_\_\_\_ President

\_\_\_\_ Vice-President Production

\_\_\_\_ Vice-President  
Administration

\_\_\_\_ Vice-President Finance

\_\_\_\_ Vice-President Marketing



### **Vice President of Production**

Reports to President  
Manages production  
Is responsible for purchasing supplies  
Insures that safety precautions are followed  
Checks for possible safety hazards and inspects machinery  
Establishes and oversees quality control checks  
Records: Production Record in Administrative Record Folder  
Raw Material Inventory  
Safety Qualification Card  
Safety Qualification Record  
Accident Report

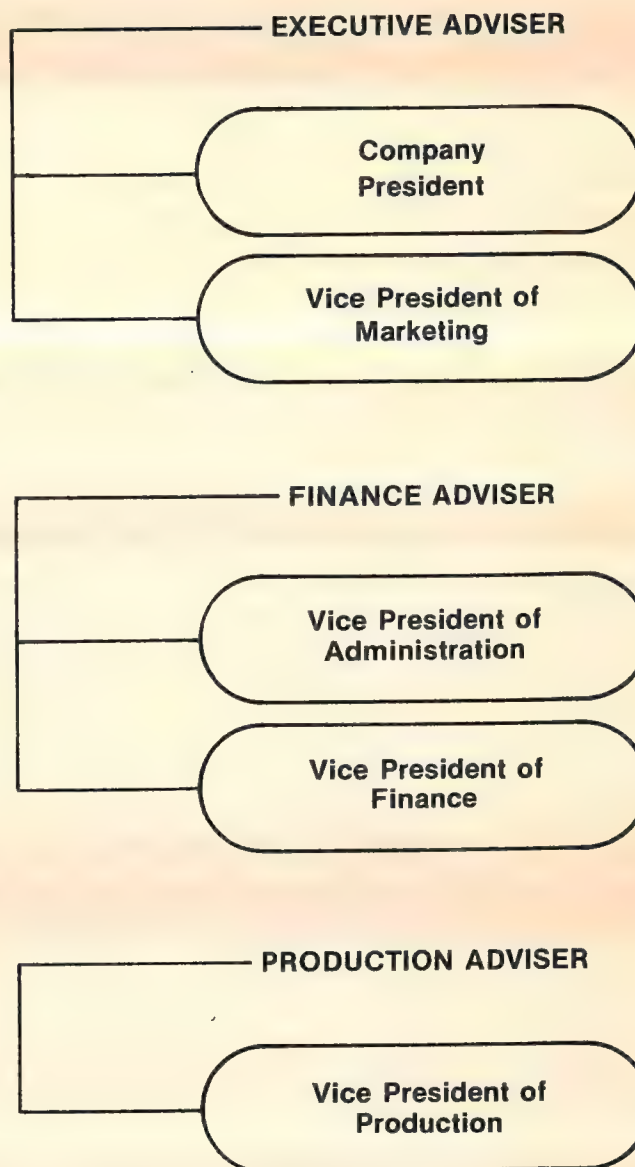
### **Vice President of Administration**

Reports to President  
Maintains custody of official documents of company  
Keeps minutes of first four meetings and Board meetings  
Is responsible for stockholder relations  
Publishes Annual Report  
Prepares company contest entries  
Maintains personnel records  
Submits weekly reports to JA office  
Hires new directors as needed  
Assumes responsibility for employee relations and morale  
Recommends personnel policies to Board  
Contacts absent directors  
Encourages regular attendance  
Records: Administrative Record Folder which contains—  
Personnel Record  
Payroll Record  
Attendance  
Minutes  
Lease  
Company Charter and Bylaws

### **Vice President of Finance**

Reports to President  
Has custody of company money  
Prepares and signs all checks  
Maintains financial records  
Prepares a comprehensive management report for board meetings  
Records: Checkbook  
General Record  
Management Report  
Stock Reconciliation in Administrative Record Folder  
Year-end Report

All officers should strive to maintain a 100% attendance record personally, and to instill in the other company members a feeling of pride towards your JA Company. This will help to keep both attendance and morale high for the whole company, and therefore increase your chances for success.





## STARTING COMPENSATION RATES

Since productivity will be low initially, it is recommended that the company adopt the following minimum wage and salary as *starting* rates. Compensation levels may be increased as productivity and profit increase. The compensation plan should be evaluated concurrently with budget reviews.

**Wages.** The minimum starting wage is \$.30 per hour.

	Sample Company	Your Company
number of members in company	20	
- number of officers	- 5	- 5
= number of hourly paid employees	= 15	= 15
x annual wage estimate*	x 9.75	x 5.00
= amount to budget for wages	\$146.25	\$162.50

**Salaries.** Each JA company elects five officers who receive a flat weekly salary in view of the extra time required outside the regular meetings. The minimum starting salaries are (weekly salary x 13 weeks):

	Sample Company	Your Company
President 1.50/wk	\$19.50	\$1.50
V.P. Marketing 1.00/wk	13.00	1.00
V.P. Production 1.00/wk	13.00	1.00
V.P. Administration 1.00/wk	13.00	1.00
V.P. Finance 1.25/wk	16.25	1.25
	\$74.75	\$5.75

**Commissions.** There is a 10% minimum commission rate, and commissions must be paid on all sales. If you find production outpacing sales it may be advisable to increase the commission to boost sales.

## PREMIUM PAY

Returning Achievers who have previously earned the Achievement, Management or Executive Awards are to receive premium pay of an additional 25¢ per week. This applies to both officers and members.

It is therefore recommended that your compensation estimate for the 15 week period be increased by \$10 to cover this additional expense.

Total Wages	\$ .30	(Enter figure from wage compensation)
Total Salaries	+	(Enter figure from salary compensation)
Premium Pay Estimate	+	
Total Compensation	\$	

\*The annual wage estimate is based on the following formula:

Sample Company		Your Company
\$ 0.30	Hourly wage	\$ 0.30
x 2.5 hours	Hours per meeting	x 2.5 hours
= \$ 0.75	Weekly wage per non-officer	= \$ 0.75
x 13	Number of paid meetings†	x 13
= \$ 9.75	Total annual wages of non-officers	= \$ 9.75
x 15	Number of non-officers in company	x
= \$146.25	Total wages of non-officers	= \$

Your bylaws state, on page 11 of this manual and on the front of your charter application, that compensation is not paid for the first and last meeting. This is done because the first meeting is used for the organization of your company, and the last for its liquidation.



## CAPITALIZATION/STOCK SALES

Initial capital is the money a new business needs to cover start-up costs and to meet daily expenses before the company generates income at a sufficient level. You will raise capital by selling *stock* at \$1.00 per share. In return for their investment, the stockholders will receive part ownership of the corporation and therefore will share in the profit. Remember, bring \$1 with you next week to pay for a share of stock in your JA Company. This is an investment.

*Capitalism* (free enterprise) is the economic system that permits individuals to organize business for personal profit. The "profit motive" has helped to make our country competitive and highly productive, thereby providing a high standard of living for our citizens. Business profits also provide a major source of income for government.

The portion of profit allocated for "dividends" is the payment by business for the use of investors' money. Without profits, it would be unlikely that anyone would lend money to start new businesses or allow existing companies to expand. Obviously, profits must also be competitive with interest rates paid by other investment sources, such as bank savings accounts.

## REGROUPING (15 minutes)

### After Completion of Group Meetings:

Present top recommendations of all groups for your company name and vote on the best one.

Group #1 \_\_\_\_\_ Group #2 \_\_\_\_\_ Group #3 \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Company name adopted: \_\_\_\_\_

Company name, charter, compensation structure adopted by entire board.

## PRODUCTION (30 minutes)

The remainder of time in this session should be devoted to meeting your established production goal. Remember SAFETY FIRST ALWAYS. Double check all steps for safety and productivity. Your Production Adviser will organize into working groups.

## ADJOURNMENT



# WEEK 2

Date

10/19/99

23 Production Hours Left  
11 Sales Weeks Left

## THIS WEEK'S OBJECTIVES

- ☒ Getting Re-Acquainted
- ☒ Capitalization
- ☒ Product Pricing
- ☒ Sales
- ☒ Election of Officers
- ☒ Officer Training
- ☒ Open Bank Account
- ☒ Production
- ☒ Adjournment

### Time

10 minutes  
10 minutes  
10 minutes  
10 minutes  
15 minutes  
2 minutes  
3 minutes  
90 minutes

### Material Needed

Banking information and signature cards-Adviser *yes*  
Stock Certificates *yes*  
Product material and tools-Adviser *yes*  
Sales order book-Adviser *yes*

### Turn In to JA Office

Administration Record Folder *yes*  
(Complete 2nd week requirements)



Plan to arrive 15 minutes early. Also plan to participate in discussions. Introduce yourself to new members or those you did not get the chance to meet last week.

## GETTING RE-ACQUAINTED (30 minutes)

1. Re-arrange chairs in clusters of two.
2. If you are a returning member you should pair up with a new member or someone who was in another group last week. Then introduce yourself. This introduction should include school, grade, activities prior to JA experience and reasons for joining JA. (This should take 5 minutes)
3. Now combine your pairs into groups of four members, introduce your partners and cover some of the points listed above. Orient new members to following:

<u>James J. Jr.</u>	Name
<u>Lighter, Toronto</u>	Product
<u>100 - 1.50 - .30</u>	Wages and salaries
<u>x</u>	Explain officer's functions
<u>yes</u>	Pass out officer candidate petitions to new members
<u></u>	Production to date

## CAPITALIZATION (10 minutes)

- ☐ Determine capital required
- ☐ Have board vote on stock authorization
- ☐ Sell stock to members
- ☐ Issue stock for public sale

### CAPITAL:

Capital is money, machinery, tools, equipment, buildings, and raw materials. An essential part of our American business system is the capital required to make maximum use of our human and natural resources.

Possible sources for capital are savings, borrowing and an inheritance. But most people don't have access to enough money to start a business; so most businesses get their capital by selling shares of stock or borrowing the money.

### CAPITALIZATION:

In order to maximize the chance for success and profit, it is important to raise no more or less capital than required. The effects of extreme over or under-capitalization can have a lasting negative effect on the company.

**Overcapitalization**—For corporations, overcapitalization will dilute each stockholder's share of profits and increase the cost of mailing, annual reports and dividends.

**Undercapitalization**—Starting with too little capital may cause a new venture to obtain costly short-term financing to meet expenses; or worse, if additional funds cannot be obtained, the company may be forced into involuntary bankruptcy.

**Determining Capital Requirements**—Junior Achievement will invoice your company during the sixth and twelfth weeks for the following items: Rent, equipment, lease, charter fee, insurance, office supply and shop supply.

Your company will issue its first payroll in the sixth meeting.

Since raw materials cost will be the only expense your company will incur initially, it is suggested that 50 to 75 dollars will be adequate to sustain your company until there is sufficient sales income to cover operating expense.

Upon motion duly made and seconded it was voted to capitalize for \$ 100.00.

### PROVISIONS OF JA STOCK

- a) JA certificates are *common stock*<sup>1</sup> as opposed to *preferred stock*<sup>2</sup>.
- b) It sells for \$1.00. This is the *Par Value* (stated value).
- c) It is not-transferable and non-legal. (JA members are not of legal age.)
- c) No one may own more than one share in any one company.



NON-TRANSFERABLE REDEEMABLE WITHIN ONE YEAR AFTER DATE OF ISSUE

## STOCK CERTIFICATE

a Junior Achievement Company

in Anderson (CITY) Certifies that Laurel Post NAME

is the owner of one share, par value one dollar, of the capital stock subject to information on this Certificate.

Matthew Telsenfeld REPRESENTATIVE DATE 11/27/78

THE STOCKHOLDER BY SIGNATURE APPOINTS THE REPRESENTATIVE PROXY TO VOTE FOR ELECTION OF BOARD OF DIRECTORS.

### STOCKHOLDER INFORMATION CARD

COMPANY Junior Achievement Co.

NAME Laurel Post

STREET 123 Main St.

CITY, STATE OR PROVINCE Anderson, IN ZIP 46016

STOCKHOLDER SIGNATURE Laurel Post

REPRESENTATIVE Matthew Telsenfeld

CONTROL STUB

THIS STUB IS A CHARGE AGAINST SALESPERSON FOR \$1. CASH OR RETURN OF UNSOLD CERTIFICATE.

WHEN FORM IS ISSUED, SALESPERSON FILLS IN NAME AND RETURNS STUB TO PERSON ISSUING CERTIFICATE.

ISSUED TO Matthew Telsenfeld (SALESPERSON) DATE 11/27/78

☐ CASH & STOCKHOLDER RECORD TURNED IN BY SALESPERSON ☐ UNSOLD CERTIFICATE RETURNED BY SALESPERSON

RECEIVED BY \_\_\_\_\_ DATE \_\_\_\_\_

### PROCEDURES FOR SELLING STOCK

- Explain JA and provisions of stock: refer to prospectus<sup>3</sup> on the reverse of the certificate.
- Fill out all sections. *Print* address on *Stockholder Information Card*. (The address must be complete and legible since stock dividends are distributed by mail.)
- Sign and obtain purchaser's signature.
- Collect \$1.00 in exchange for *Certificate* portion.
- Return *Stockholder Information Card* to JA company along with payment.

NOTE: All certificates must be accounted for. If filled out incorrectly, do not destroy; mark "void" and turn in.

#### Stock purchases by Company Members

- All members are required to purchase a share of stock, making them members of the board of directors.
- Have each member fill out one certificate. Collect the Stockholder Information Card and \$1.00 from each director.

#### Issuing Certificates For Public Sale

- Have the advisers issue an Identification Card to each member. Indicate the expiration date on the cards. The cards are found in the VP of Administration Records.

- Issue 3 shares per member initially.
- Collect the Certificate Control Stubs.

#### Recording Sales

- Keep the Stockholder Information Card and control stub to record stock sales.
- The number of stockholders must reconcile with the amount of capital raised.

<sup>1</sup>Common Stock carries voting privileges and represents part ownership of the company. The stockholders commonly share in the profits on the basis of one equal share of the earnings for each share of stock held. Ordinarily, all profits are not distributed to the stockholders; generally, a portion of the profits is retained in the company to finance expansion.

<sup>2</sup>Preferred Stock carries no voting privileges and it pays a fixed dividend. Preferred stockholders must be paid before any profits are distributed to common stockholders.

<sup>3</sup>A Prospectus represents an offer to sell a specific number of securities at a specific price. The prospectus outlines the purpose of the capital being raised, the company's financial position, and prospects for future profit.



## PRODUCT PRICING (10 minutes)

Your product's initial price has been determined by your advisers using basic market research techniques. These techniques include checking the price and quality of similar products currently on sale and comparing them to your product. A very simple method that can be used is to show your product to friends and neighbors and to ask them what they would pay for it. By using this method you can very quickly find out if your product can be produced and sold at a competitive rate.

Your adviser also had to calculate your products material costs, commission and sales tax per unit in order to be sure that their initial product price was realistic.

## SALES (10 minutes)


### SALES ORDER


The Accounting Copy (duplicate) is turned in to the Vice President of Marketing. The stub on the first copy is retained by the salesperson as a record of commissions due.

### SALES RECORD

Updated weekly by the Vice President of Marketing, the Sales Record provides a comprehensive report of the number of products checked out, returned, and sold by each salesperson.

When totaled and balanced at the end of each period, the record can be used as a basis for determining commissions.

 <b>JUNIOR ACHIEVEMENT</b>		CHECK ONE: <b>A 065151-2</b> <input type="checkbox"/> PRODUCT DELIVERED AT TIME OF ORDER <input type="checkbox"/> ORDER FOR FUTURE DELIVERY (Do not accept payment until product delivered)		<b>RECEIPT No. A065151-2</b>																								
		JUNIOR ACHIEVEMENT is an international education program in which high school students organize and manage their own small-scale companies under the guidance of adult advisers from business and industry.																										
DELIVER TO _____ ADDRESS _____ DELIVER ON <u>11/20/73</u> DATE DELIVERED <u>11/20/73</u>		<table border="1"> <thead> <tr> <th>QUANTITY</th> <th>DESCRIPTION</th> <th>UNIT PRICE</th> </tr> </thead> <tbody> <tr> <td>8</td> <td>Product</td> <td>1.50</td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>		QUANTITY	DESCRIPTION	UNIT PRICE	8	Product	1.50										<table border="1"> <tr> <td>SUB-TOTAL</td> <td>DATE</td> </tr> <tr> <td>12.00</td> <td> </td> </tr> <tr> <td> </td> <td>SALESMAN</td> </tr> <tr> <td> </td> <td>J.A. COMPANY</td> </tr> </table>		SUB-TOTAL	DATE	12.00			SALESMAN		J.A. COMPANY
QUANTITY	DESCRIPTION	UNIT PRICE																										
8	Product	1.50																										
SUB-TOTAL	DATE																											
12.00																												
	SALESMAN																											
	J.A. COMPANY																											
75 <b>SALESMAN'S RECORD OF SALE</b>		SALES TAX _____ TOTAL AMOUNT REC'D <u>12.00</u>		Thank You!																								

 <b>JUNIOR ACHIEVEMENT</b>		CHECK ONE: <input type="checkbox"/> PRODUCT DELIVERED AT TIME OF ORDER <input type="checkbox"/> ORDER FOR FUTURE DELIVERY (Do not accept payment until product delivered)		<b>A 065151-2</b>																								
		TREASURER: <input checked="" type="checkbox"/> CASH VERIFIED <input checked="" type="checkbox"/> POSTED TO GENERAL RECORD SALES VICE-PRESIDENT: <input checked="" type="checkbox"/> POSTED TO SALES RECORDS																										
DELIVER TO <u>Mark C. Hane</u> ADDRESS <u>9200 56th Ave SE</u> DELIVER ON <u>11/20/73</u> DATE DELIVERED <u>11/20/73</u>		<table border="1"> <thead> <tr> <th>QUANTITY</th> <th>DESCRIPTION</th> <th>UNIT PRICE</th> </tr> </thead> <tbody> <tr> <td>8</td> <td>Product</td> <td>1.50</td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>		QUANTITY	DESCRIPTION	UNIT PRICE	8	Product	1.50										<table border="1"> <tr> <td>SUB-TOTAL</td> <td>DATE</td> </tr> <tr> <td>12.00</td> <td> </td> </tr> <tr> <td> </td> <td>SALESMAN</td> </tr> <tr> <td> </td> <td>J.A. COMPANY</td> </tr> </table>		SUB-TOTAL	DATE	12.00			SALESMAN		J.A. COMPANY
QUANTITY	DESCRIPTION	UNIT PRICE																										
8	Product	1.50																										
SUB-TOTAL	DATE																											
12.00																												
	SALESMAN																											
	J.A. COMPANY																											
75 <b>ACCOUNTING COPY (TURN IN WITH CASH)</b>		SALES TAX _____ TOTAL AMOUNT REC'D _____		0																								



## ELECTIONS (15 minutes)

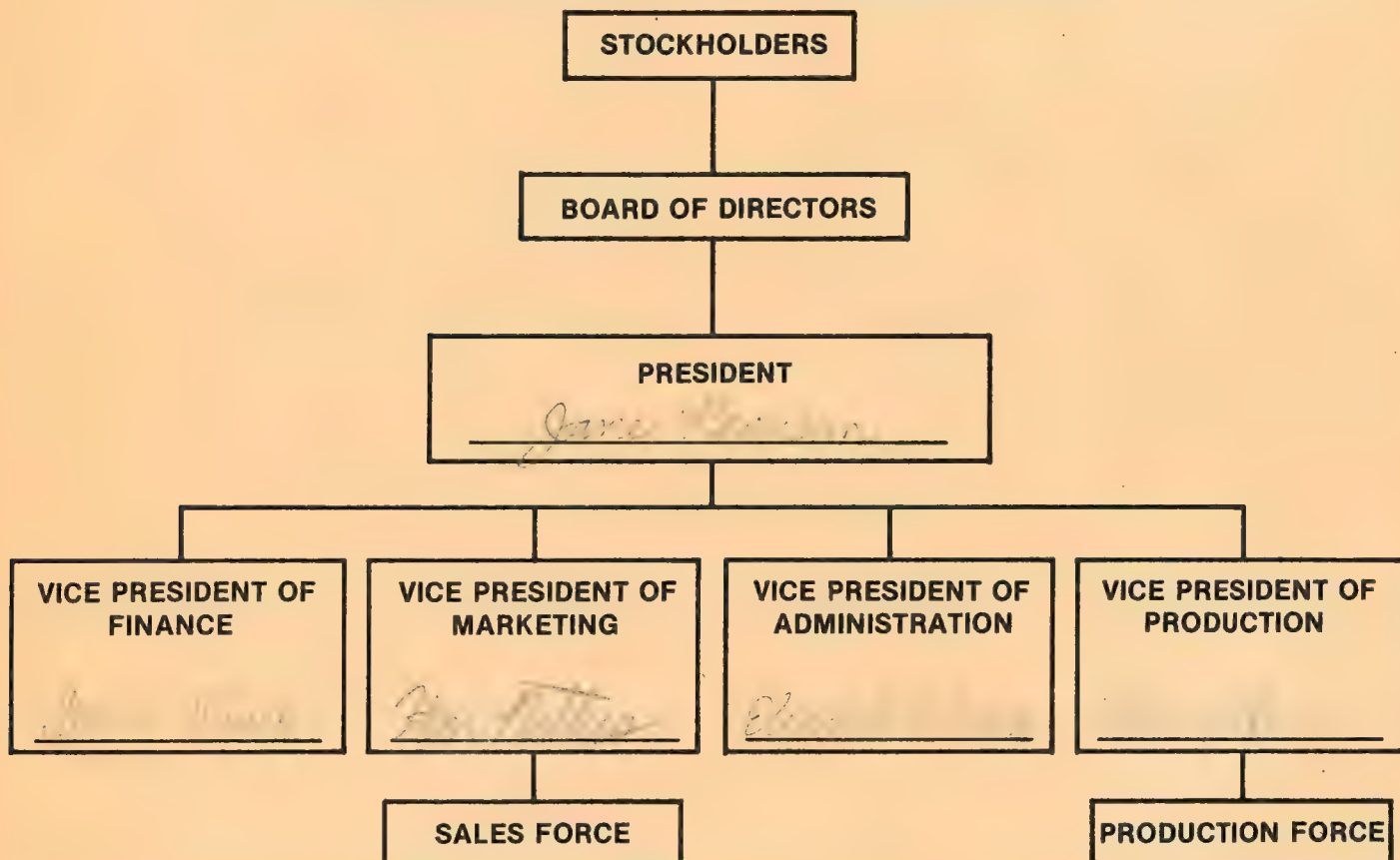
**The Nominating Committee.** During the first meeting, a nominating committee was appointed to meet with one adviser to review the Officer Candidate Petitions and recommend one or more officers for each elected position.

**Election Procedures.** Review the duties and personal qualities required of each position

shown on page 15 of this manual. After nominations from the floor have been closed, the candidates should summarize their qualifications, taking no more than 2 to 3 minutes to do so.

Voting should be by secret ballot. Elect the President first. Candidates who are not elected for one office should be considered for other positions. However, they cannot make more than one speech. Attempt to elect officers who appear qualified, dependable and sincere, and who possess leadership ability.

### YOUR COMPANY'S CORPORATE ORGANIZATIONAL CHART



Fill in the blank lines in the chart with the names of those people your company elects to each office.

**Note To Officers:** Immediately following the elections, begin familiarizing yourselves with the Record System and the applicable chapters in this manual. Your initial responsibilities include the following.

#### V.P. Finance:

- ☒ Record stock and product sales in the General Record.
- ☒ Pay all invoices.

#### V.P. Administration:

- ☒ Update the Minutes of first two meetings.
- ☒ Contact all absent members.
- ☒ Prepare Administrative Record Folder.

#### V.P. Marketing:

- ☒ Begin developing the marketing plan.
- ☒ Update the Sales Record.

#### V.P. Production:

- ☒ Supervise production.
- ☒ Correct unsafe practices or equipment.
- ☒ Procure raw materials.

## OFFICER ORIENTATION (5 minutes)

The Vice President of Production and the Production Adviser should plan full production for the last 90 minutes of the meeting. This will mean that all materials and equipment must be ready.

While the company is producing, the Vice President of Marketing will meet with the Executive Adviser to review the records and discuss individual and company sales goals. Incentives and sales training should also be discussed.

The Vice President of Finance will meet in a corner of the room or in another room with the Finance Adviser to review the bookkeeping system and discuss the entries that were made last week as well as anything that must be entered this week.

The Vice President of Administration will meet with the Finance Adviser to discuss attendance and payroll functions, recording of stock certificates, recording attendance and previewing upcoming contests.

The President will meet with the Executive Adviser and the Vice President of Marketing to participate in the marketing discussions and to make plans with the Executive Adviser for next week's meeting.

**Make plans with your advisers concerning the Officer Training that will take place between weeks three and four at your counseling firm.**

## OPEN BANK ACCOUNT:

The Financial Adviser and the Vice President of Finance should open an account. A signature card must be filled in tonight since your officers are now elected. Two signatures are required on each check.

## PRODUCTION (90 minutes)

## ADJOURNMENT

Check with your officers to see if they need a letter to be excused from school.

### SAMPLE LETTER ON COUNSELING FIRM LETTERHEAD

High School Principal  
Central High School  
1234 Central Avenue  
Toledo, Ohio

October 24, 1978

Dear Sir:

(Student's Name) has been elected (Title of JA Office) of Junior Achievement for (JA Company Name.) In order for him/her to have a successful experience in operating this Junior Achievement company, we have set aside (Day, Date) to train the officers at our firm. Not only will the students participate in a Management Seminar, but they will have an opportunity to tour our facilities and to meet their officer counterparts during this day.

Attached is the copy of our day-long training agenda.

I do hope that it will be possible for (Student's Name) to be excused for this training.

Very truly yours,

Adviser's Name  
Adviser's Title  
Name of Counseling Firm



# WEEK 3

Date

10/15/77

21½ Production Hours Left  
10 Sales Weeks Left

## THIS WEEK'S OBJECTIVES

<input checked="" type="checkbox"/>	Installation of Officers (Officer Training Announced)	<i>Time</i> 5 minutes
<input checked="" type="checkbox"/>	Charter Presentation	5 minutes
<input checked="" type="checkbox"/>	Initiate Sales Contest	5 minutes
<input checked="" type="checkbox"/>	Sales Training - 40 minutes	
<input checked="" type="checkbox"/>	Production	135 minutes
<input checked="" type="checkbox"/>	Stock Sales Continue	

### Material Needed

Sales Order Books-Center Manager  
Product Materials and Tools-Adviser  
Charter, Records-VP of Administration  
Sales Contest Chart-Advisers  
Pencils-Achiever  
Chalk & Chalkboard

### Turn In to JA Office

Administration Record Folder  
(Complete 3rd week requirements)  
Lease

## INSTALLATION OF OFFICERS (5 minutes)

Officers will assume responsibilities of the third JA company meeting. The record system contains a detailed handbook for each of the five officers. An outline of each officer's job responsibilities begins on page 15 of this manual.

### Officer Training—Management Seminar

Your advisers will provide training for the elected officers so that the responsibility of each office is made clear. A management seminar for the officers should be held at the counseling firm. It should cover specific details on your JA company. This should take place between the third and fourth meeting.

## CHARTER PRESENTATION (5 minutes)

An official from your counseling firm, usually a senior executive, will present the Charter to your company. The Charter signifies the official recognition of the company and represents its license to do business.

## LEASE

A lease is a binding contract for the use of property for a specified period of time at a fixed rate.

The parties to a lease are the lessor (the owner of the property) and the lessee (the user).

An important distinction of leasing is that the lessee is obligated for the total contract amount whether or not the property is actually used for the full term of the lease; by the same token, the lessor may not retrieve the property or change the rate until the lease expires.

## SALES CONTEST COMPANY (5 minutes)

Sales are vital to the success of your company. Starting this week and continuing through week 13, a company sales contest will be initiated. Sales at the level of \$50, \$100, \$200 and up to \$1000 will be recognized. Each company can devise its individual recognition

for its sales contest winners. Suggested prizes could be cash awards, savings bonds, movie tickets, dinners, etc.

You have been provided with a chart to post individual sales accomplishments, and your company's overall sales goal. Special recognition will be awarded in week 9 for those company members who have reached 50% of their sales goal by week 8, and again in week 13 for those company members who have reached 100% of their sales goal by week 13.

In addition, weekly recognition should be given to those company members who reach or exceed their weekly sales goals. This should be done by the Vice President of Marketing as the Sales Contest Chart is updated. This recognition should take the form of both verbally indicating those members who have reached their goals, and by making a special notation on the Sales Contest Chart. This can be done by using a contrasting color for those members who have achieved their goals.

Assuming that members will have products to sell at the end of the second meeting, there will be only 11 weeks remaining to generate sales activity (final sales must be turned in the 13th week). This will require you to divide your annual sales goal by 11 to derive your weekly sales goal. Next divide your weekly sales goal by the number of members in your company to obtain the individual sales goal per week.

## SALES TRAINING (40 minutes)

For the Sales Training, divide your company into three groups. Each group will receive 45 minutes of training. Therefore, two-thirds of the company remains on production at all times.

### A. Goals and Incentives

Goals. First, break down the annual company sales goal into individual weekly sales objectives.

Everyone has a basic motivation to succeed, but specific standards are required for self-direction and evaluation.

### Company Sales Goal:

Annual \$ \_\_\_\_\_ Weekly \$ 20000

### Individual Sales Goal:

Annual \$ \_\_\_\_\_ Weekly \$ \_\_\_\_\_



The Sales Contest initiated this week is one of the best sales incentives at your disposal. Insure that the chart is updated on a weekly basis, and recognition given.

#### B. *Selling Techniques*

Personal selling can be a very satisfying and rewarding experience. While helping your company you will also sharpen your communication skills, develop self-confidence, and acquire the ability to deal effectively with the public. The experience acquired in selling will be useful in whatever career you choose.

Although the following techniques refer to door-to-door (direct) selling, the underlying principles apply to all selling situations.

##### 1. Planning

Establish goals for yourself. Make a commitment to contact ten to twenty prospects each week.

##### 2. Product Research

1. Purpose, functions
2. Production steps
3. Selling features
4. Guarantees
5. Options (sizes, colors, etc.)

List product features and options.  
Number according to importance.

##### 3. Product Benefits (what it will do for the customer).

Buying motives relate primarily to the benefits of ownership or use as perceived by the consumer. For example, automobiles are more often purchased for reasons of comfort, social prestige or economy, rather than weight, length or range of color options.

List the benefits that can be derived from owning or using the product.

##### 4. The Market (those people who have a need for the product).

##### 5. The Pitch

a. **The Approach.** Before you can explain the product, you will need to gain the prospect's undivided attention and interest in your product. Make certain your appearance and conduct create a good first impression. Carry a JA I.D. card.

Approach the door (the first one is the hardest—after that it's easy), knock firmly and take a step back.

Smile, greet the prospect by name (check mail box or ask previous customer), introduce yourself and your company.

Gain the customer's interest by calling attention to a need which the product will fulfill. Be observant; look for an application of your product or evidence of a need. Ask about the need in a manner which will elicit a positive response:

"Have you ever lost your keys?"

"Would you like to save time doing door-to-door?"

Keep the product concealed, otherwise the customer will concentrate on the product rather than on what you have to say. You must first sell the customer on listening to the presentation. Ask to enter:

"May I show you what we have to offer?"

##### b. The Presentation. Be brief—don't waste your time or the customer's. Explain JA if the customer is unfamiliar with the organization.

Display the product and point out the selling features. Sell the product on its own merits—don't use JA as a crutch.

Demonstrate the product, pointing out customer benefits. Hand the product to prospect if it has features that holding it will enhance. If possible, involve the customer; invite the customer to try it out.

Ask questions which will elicit a positive response:

"Don't you think it would look good over here?" or

"Isn't that easy to use?"

This will help create a buying atmosphere.

Listen. Give the customer an opportunity to talk. Find out about the buyer's needs and objections. Explain

any objections, but don't argue. Form closing remarks around the customer's particular needs. Mention price in the close.

- c. The Close. Don't oversell. Close early. As soon as the customer appears convinced that the product is of greater value than its cost, ask for the order. Be alert for buying signals such as "It is attractive," or "How much is it?"

In closing, ask the customer a "which" question:

"Would you prefer the green or red?  
or  
"Would you like one or two?"

Also, don't let loose all your selling points in the first presentation. Hold back a few benefits in case the first attempt at closing does not succeed. Explain additional features, and elicit positive responses. Tell of satisfied customers. Attempt to close once more.

If you meet with a refusal again, thank the customer for the time given you, and move on to the new prospects.

Depending on your skills and experience, you should average at least one to three sales for every 10 customers. Success is a measure of how many prospects you contact in addition to how well you present the product. It's a matter of percentages.

Consider the turn-downs as simply bringing you closer to the next prospect who will buy.

- d. Overcoming product objections. Don't argue. Use the "yes, but . . ." technique: "Our product is smaller than our competitor's but it will fit easily in your glove compartment."

If a particular objection is raised frequently, build the answer into the sales presentation. Raise the liability in a positive manner; for example, "You will notice the cap is difficult to remove—we designed the product this way to make it child-proof."

Some objections indicate that the customer has not been sold; for example, "I don't need it." In this case, review the benefits or ask a question such as, "Haven't you ever . . . (describe problem or need) . . . well, our product will solve this by . . ."

Certain objections, such as "I'll have to think it over" or "I'll have to talk to my husband" are often not the real reasons for not buying—they are simply convenient answers. Try to identify the real reason. For example, you might ask, "Is there some aspect of the product which you are unsure of?"

- e. Follow-up

Referrals. Ask the customer to suggest prospects. Also, write your name and phone number on the product sticker. If you follow this practice, you should receive several call-in orders from the customer's friends.

Delivery. Make sure the product is delivered when promised.

6. Sales Presentation by an experienced member.
7. Record Keeping and Handling Procedures.
8. Follow-up Training. To build self-confidence, pair up experienced and inexperienced salespeople for team selling.

Hold periodic training sessions to review and practice sales techniques. Ask successful members to describe their sales presentation.

If a number of sales people are not meeting their goals, go back and review the total marketing plan: Price. Is it too high? Is it attractive? Does it do what it is supposed to? Consider modifying or phasing out the product. Management. Is enthusiasm being generated? Are members being adequately trained? Incentives. Are they adequate to provide motivation? Consider raising commissions or instituting a weekly or monthly sales contest.

Most problems can be overcome if the sales people really want to sell the prod-



uct; conversely, if they are not motivated, even the best products will collect dust.

The following fill-in chart is to be used as a sales aid for your JA Company product. List your product's advantages, disadvantages and methods of overcoming any disadvantages. You can then be prepared in advance to meet any sales objections.

### ADVANTAGES OF OUR JA COMPANY PRODUCT *ra*

1. *It is a new product*
2. *It is as good as well known*
3. *It is a new product under my hand*
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

### DISADVANTAGES OF OUR PRODUCT—

1. *It is a new product*
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

### HOW TO OVERCOME

1. *Have parents buy the product*
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

## **PRODUCTION/STOCK SALES CONTINUE (135 minutes)**

Collect the Stockholder Information Card and \$1.00 for each share sold.

Issue remaining shares to be sold to the more successful salespeople. Change number on control stub.

Ask for unsold shares to be turned in next week.

The number of stockholders must reconcile with the amount of capital raised.

It is recommended that the Vice President of Marketing develop a total *Marketing Plan* to be submitted to the Board of Directors by the fourth meeting. This plan should include the following items, as explained in Week 4:

- Sales Training

- Distribution

- Advertising, Sales Promotion and Publicity

- Inventory Control



# WEEK 4

Date 10/23/28

**19¼ Production Hours Left  
9 Sales Weeks Left**

## THIS WEEK'S OBJECTIVES

<input type="checkbox"/> Production	Time 120 minutes
<input type="checkbox"/> Marketing Plan	10 minutes
<input type="checkbox"/> Distribution	10 minutes
Advertising, Sales Promotion & Publicity	
Inventory Control	
Finalize Capitalization	
Review and update goals with entire company at 8:50	10 minutes

## GOALS

Company sales goal to date: \$ \_\_\_\_\_  
Company sales actual to date: \$ \_\_\_\_\_  
Difference (+ or -): \$ \_\_\_\_\_  
Personal sales goal to date: \$ \_\_\_\_\_  
Personal sales actual to date: \$ \_\_\_\_\_  
Difference (+ or -): \$ \_\_\_\_\_

Production goal this week: \_\_\_\_\_ units  
Production actual this week: 47 units  
Production goal to date: \_\_\_\_\_ units  
Production actual to date: 10 units  
Difference (+ or -): \_\_\_\_\_ units

### Material Needed

Production Materials and tools-Adviser \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### Turn in to JA Office

Administrative Record Folder \_\_\_\_\_  
(Complete 4th week requirements) \_\_\_\_\_  
\_\_\_\_\_

## COMPANY GOALS AND OBJECTIVES- FINAL 10 MINUTES

In the second week of your company's operation you were told how your adviser computed the initial selling price of your product. Your officers and advisers met last week in order to accurately price your product and to set the production and sales goals necessary to break-even at that price.

Your officers will now report to you what was discussed in their meeting last week and what goals were established. As a member of the Board of Directors of your company, it is very important that you list your company's goals in the spaces provided below and in the goal section on the first page of each chapter. By updating these goals on a weekly basis, you will have all the facts necessary to make well informed decisions on your company's activities.

The first step in determining your product's correct price and your company's goals is to establish your total fixed costs for the 15 week operating period. Fixed costs consist of your company's total payroll, rent, lease, supplies, bank charges, Charter fee, insurance and annual report costs.

Your Company's Total Fixed Costs: \$ 30.00

The next step in this process is to determine your company's Break-Even Point in units. In order to do this your production during the first three weeks was evaluated to determine how many units can be produced per hour, and multiplying that figure by the total number of hours available for production (approximately 24).

Your Company's Break-Even Point in Units (Production Goal): 240.00

Your weekly production goals were then determined by multiplying the number of hours available each week for production by the number of units that can be produced per hour. Fill in your company's production goals on the first page of each chapter (for weeks 4-12) as your Vice President of Production tells you what they are.

Now that your company's Fixed Costs and Break-Even Point in units had been determined, your officers and adviser had to calculate the price to be charged for your product in order to Break-Even.

To do this they had to compute the items outlined below for a number of different selling prices in order to determine which one's Break-Even Point in units was the closest to what was shown earlier as a feasible Break-Even Point. A margin of approximately 5% was then added to your selling price to allow for profit.

a. Selling Price (including sales tax)	<u>\$7.95</u>
b. Less Sales Tax	<u>45</u>
c. Equals Net Retail	<u>4.50</u>
d. Less Commission (at minimum 10%)	<u>1.12</u>
e. Less Material Cost	<u>1.00</u>
f. Equals Gross Profit Per Unit	<u>2.38</u>
g. Fixed Costs	<u>30.00</u>
h. Divided by Gross Profit	<u>12.6</u>
i. Equals Production Goal Necessary to Break-Even	<u>240</u> units

Fill in the chart above with your company's pricing information.

Sales price	<u>7.95</u>
- Cost per unit	<u>4.50</u>
= Mark-up per unit	<u>3.45</u>

B.E. = Overhead

M.U. per unit

The next step was to determine your company's sales goals. To do this the Net Retail that was calculated above was multiplied by your Break-Even Point in units.

Your Company's Break-Even Point in Dollars (sales goal) is: \$ \_\_\_\_\_

A weekly company sales goal was then calculated by dividing your Break-Even Point in dollars by the number of weeks available for sales (11).

Your Company's Weekly Sales Goal Goal is: \$ 200.00

Personal sales goals were then calculated by dividing the sales goal by the number of members in your company.

My Personal Sales Goal is: \$ 175.00



The Break-Even Chart below displays graphically the relationships between the selling price and the production and sales goals that have been determined for your company.

To construct the chart:

- Enter your Fixed Costs as a base line by finding the dollar amount on the left axis and drawing a horizontal line across the chart from that point.
- Find your company's Break-Even Point in dollars and draw a dotted horizontal line.
- Find your company's Break-Even Point in units on the bottom axis and draw a dotted vertical line.
- Draw a line from your company's Fixed Cost Point on the left axis up through the intersection of the two dotted lines you just plotted.
- Draw a line from the lower left corner of the chart (point 0-0) up through the intersection of the two dotted lines.

Your company's potential profit or loss is now graphically illustrated on the Break-Even Chart. Your potential profit is that area between the two solid lines in the upper right hand corner of your chart. It may be increased by increasing your company's sales or lowering its expenses.

## PRODUCTION (120 minutes)

Most of your time during the fourth meeting will be devoted to meeting your production goals.

## MARKETING PLAN (10 minutes)

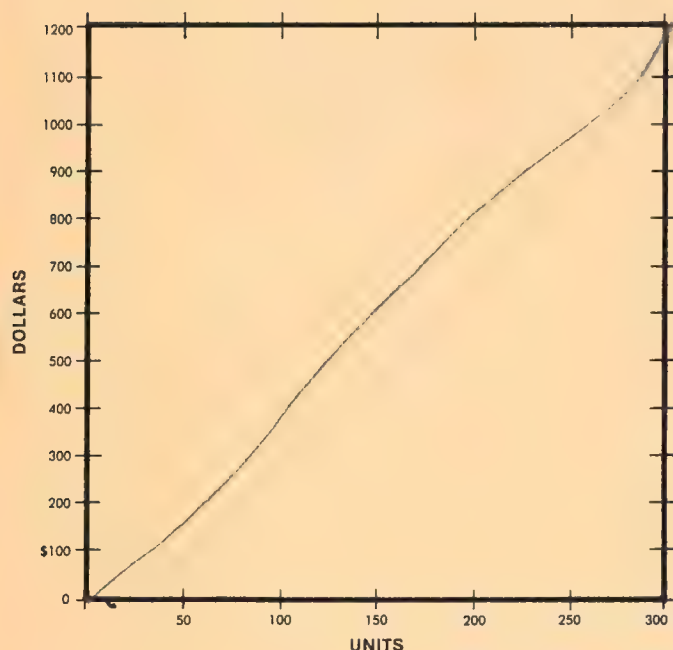
The Vice President of Marketing should develop a Marketing Plan to be presented to the Board of Directors during the fourth meeting. This plan should include: Distribution, Advertising, Sales Promotion & Publicity, and Inventory Control.

### DISTRIBUTION-10 MINUTES

Once production reaches a sufficient level to adequately supply the direct selling distribution channel, consider adding supplemental channels.

### Retail

With a little imagination, a JA company can add retail distribution to its marketing plan. Space can often be rented for afternoons or Saturdays in local retail establishments and malls. You may also be able to set up a table in the lobby of your counseling firm.



### SAMPLE CONTROL SHEET

Shift	Date & Time	Products	Cash	Initials of Incoming Shift
Starting Inventory			\$	
			\$	
			\$	
			\$	
			\$	
Ending Inventory			\$	

**DESIGN AND PROMOTION.** To maintain good public relations, make sure that your decorating and promotion schemes conform to the design and promotion policies of the establishment providing the space. Present your ideas to the manager—you might even receive some technical assistance.

**PLANNING AND CONTROL.** Prepare a work schedule, assigning at least two sales people and two alternates to each shift. Distribute to each salesperson:

1. *A copy of the work schedule.* The work schedule should include the sales manager's phone number as well as the number for each salesperson.
2. *Sales procedures.*
3. *Dress requirements.* Maintain standards of the store.
4. *Inventory and cash control procedures.* An inventory should be taken of all products and cash whenever a new shift takes over. See page 33 for Sample Control Sheet.

### Wholesale

The retailer will expect a discount off the list price—usually 30%—for performing the *merchandising function* (storing the product at locations convenient to consumers, offering the product in small quantities, and servicing customers). This represents the *value added* to the product by the retailer.

In view of the smaller profit per unit, consider wholesale only if production can be increased to feed the new distribution channel.

**SELECTING WHOLESALE LOCATIONS.** First determine where consumers would be likely to look for your product. If it is an automotive product, consider placing it in filling stations and automotive stores.

Identify prospects through the telephone yellow pages. Also check with the JA staff to find out which establishments have carried or currently carry other JA products.

Assign wholesale prospects and quotas to each salesperson. Try giving everyone four prospects and requesting that they sell at least two.

### PROSPECT ASSIGNMENT RECORD

PROSPECT	SALESPERSON ASSIGNED	CONTACT* MADE (date)	SOLD			
			Yes	Qty.	No	Reason**
* If the prospect is not contacted within two weeks, reassign. ** If the company is experiencing a number of turn-downs, look for a pattern. Perhaps the price is too high or quality is too low.						



## Consignment

If a retailer cannot be persuaded to purchase products outright, consider a *consignment* agreement whereby the retailer would only be obligated to pay for products actually sold. Under this relationship, the retailer (consignee) would act merely as a selling agent for the JA company (consignor). As such, the retailer would receive a commission—usually 10-15%—rather than a wholesale discount.

**INVENTORY CONTROL.** Be careful not to tie up too many products on consignment. After a sales pattern has been determined, do not place any more than a two week supply at any one location. Also, don't get caught with unsold products at the end of the year. Contact all consignment locations by week 9 and explain that the company will be liquidating. If the retailer will not buy up the remaining stock at a favorable price, then close out the consignment and sell products direct.

**CONSIGNMENT VERSUS WHOLESALE.** It is generally more advantageous to sell outright (wholesale) and take the smaller guaranteed profit. Wholesaling eliminates the risk of products being damaged on the retailer's shelves, saves paperwork, and precludes the need for frequent follow-up visits.

The Marketing Plan should include in addition to retail, wholesale and consignment considerations, an organized series of sales parties. Your company should plan to have at least two sales parties in the evening or on weekends. These parties should be organized in conjunction with your advisers, who can help to plan transportation and location selections. All members of your company should plan to attend these sales parties and street or hours assignments should be given to each sales team.

Our company's sales parties will be held on:

Date\_\_\_\_\_ Time\_\_\_\_\_

Location\_\_\_\_\_

Date\_\_\_\_\_ Time\_\_\_\_\_

Location\_\_\_\_\_

Date\_\_\_\_\_ Time\_\_\_\_\_

Location\_\_\_\_\_

Date\_\_\_\_\_ Time\_\_\_\_\_

Location\_\_\_\_\_

Date\_\_\_\_\_ Time\_\_\_\_\_

Location\_\_\_\_\_

A sales day at your adviser's Counseling Firm should also be planned. This should be planned by your advisers who will arrange for the date and table location at the Counseling Firm.

Date\_\_\_\_\_ Time\_\_\_\_\_

Location\_\_\_\_\_

In addition, your company should plan a sales day at a local shopping center. In order to do this you must receive permission from the management of the shopping center and arrange with them for a table or booth location at the center.

Date\_\_\_\_\_ Time\_\_\_\_\_

Location\_\_\_\_\_

## Advertising, Sales Promotion and Publicity

**Advertising**—the creation and placement of public messages to help sell a product. Advertisements should include the three basic elements of any sale: *the approach* (gain attention and create interest), *the presentation* (describe features, explain benefits, overcome anticipated objections in a positive manner), and *the close* (ask for the order: "Send \$5.00 plus \$.50 postage and handling to the A.I.M. company . . .").

The advertising media found to be most effective for JA products are television, newspaper, and advertising flyers. Before you spend any money, though, identify your market's viewing and reading habits:

- What type of people might buy your product?
- Which newspaper do they read? What sections?
- Which TV programs do they watch?

If you use advertising flyers (the least expensive medium), have salespeople distribute them in neighborhoods a few days prior to canvassing. *Do not put flyers in mailboxes—it's illegal.*

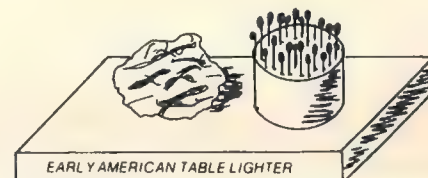
**Promotion**—anything that will help sell the product. Promotional items include direct selling aids (literature, color samples, etc.) as well as signs and displays for retail locations. This is a good job for someone with imagination and artistic talent.

**Publicity**—free advertising in the form of news articles. Contact local newspapers and TV talk shows; they may find your company or product newsworthy.

### EARLY AMERICAN TABLE LIGHTER

Call 476-5555  
or write to  
.....

Strike up a  
conversation  
..... only \$2.95



ADVERTISING



PROMOTION

### NEW PRODUCT HITS MARKET

New York, Nov. 3 . . . . .  
A.I.M., a Junior Achievement Company sponsored by Johnsons Inc., has just announced the introduction of an . . . . .  
"Early American" table lighter . . . . .

PUBLICITY



## Inventory Control

The product inventory value at any given time will generally exceed the company's profit goal many times over. Finished products should therefore be treated as if they were cash. Keep an accurate account of the number and location of all unsold products. The Sales Record will provide the vehicle for this control.

COMMON INVENTORY CONTROL PROBLEMS	MEANS OF PREVENTION
<p>1. Large inventory in the hands of some salespeople; consequently, other salespeople cannot be adequately supplied.</p> <p>Members have left company with unsold products in their possession.</p>	<p>Have all unsold products turned in once every three weeks to verify count and to make repairs.</p> <p>Do not issue products arbitrarily (such as, one per member per week).</p>
<p>2. Products damaged in locker from stacking or mishandling.</p>	<p>Use <i>protective</i> packaging. Assign one member to oversee inventory.</p>
<p>3. Products cannot be accounted for (Inventory records do not balance).</p>	<p>Appoint one person to sign out products. Number each product.</p> <p>Formally transfer each day's production to the sales department.</p>

## **CAPITALIZATION FINALIZED**

All shares should be sold. Collect the stockholder information card and \$1.00 for each share sold. Complete "Stock Certificate Reconciliation" on the front of the Administrative Record Folder and return all unsold certificates. Note: All certificates must be accounted for. Do not destroy any certificates.



# WEEK 5

Date 10/30/78

**17¼ Production Hours Left  
8 Sales Weeks Left**

## THIS WEEK'S OBJECTIVES

- |  | <i>Time</i> |
|--|-------------|
| <input type="checkbox"/> Production  | 90 minutes  |
| <input type="checkbox"/> Bank Statement checked on                           |             |
| <input type="checkbox"/> Discussion Topic: Capital                           | 50 minutes  |
| <input type="checkbox"/> Review and update goals with entire company at 8:50 | 10 minutes  |

**NOTE: PREPARE FOR AUDIT.**

## GOALS

Company sales goal this week:	\$ <u>54.00</u>
Company sales actual this week:	\$ <u>62.60</u>
Company sales goal to date:	\$ <u>200.00</u>
Company sales actual to date:	\$ <u>225.60</u>
Difference (+ or -):	\$ <u>+25.60</u>

Personal sales goal this week:	\$ <u>7.95</u>
Personal sales actual this week:	\$ <u>7.95</u>
Personal sales goal to date:	\$ <u>25.00</u>
Personal sales actual to date:	\$ <u>22.95</u>
Difference (+ or -):	\$ <u>-2.05</u>

Production goal this week:	_____ units
Production actual this week:	_____ units
Production goal to date:	_____ units
Production actual to date:	_____ units
Difference (+ or -):	_____ units

### **Material Needed**

Product Materials and Tools-Adviser

---

---

---

### **Turn In to JA Office**

Administrative Record Folder

---

---

---

# DISCUSSION TOPIC:

## CAPITAL

Guest Resource Person: \_\_\_\_\_

In Meeting Two you learned what capital consists of and how it may be obtained. You determined your company's initial capital requirements and voted on the number of shares of stock your company would sell to raise it. This discussion topic will further explain the components of capital, and what it is used for. You will also learn, through playing a simulated stock market game, how a person or corporation would buy or sell stock on the New York Stock Exchange.

### I. What is Capital?

- A. goods & money  
B. fund expansion of business  
C. acting equality  
D. equipment

### II. What happens when your company succeeds?

- A. If you succeed, you will need more money to finance the modernization and expansion of facilities that lead to more jobs. This capital can be obtained from five sources:

1. stock & surplus  
2. loans  
3. balance sheet  
4. assets  
5. liabilities

- B. To secure this money, through the sale of additional shares of your company's stock, you must go to a stockbroker.

1. \_\_\_\_\_  
2. \_\_\_\_\_

III. There are seven steps that must be taken in order for a stockbroker to buy and/or sell stock through the New York Stock Exchange. They are:

- A. If you tell a stockbroker to buy 100 shares of General Motors, the broker can use either of two methods of purchase:

1. \_\_\_\_\_

2. \_\_\_\_\_

B. \_\_\_\_\_

C. \_\_\_\_\_

D. \_\_\_\_\_

E. \_\_\_\_\_

F. \_\_\_\_\_

G. \_\_\_\_\_

### IV. Rules for investing are:

A. \_\_\_\_\_

B. \_\_\_\_\_

C. \_\_\_\_\_

D. \_\_\_\_\_

E. \_\_\_\_\_

### V. Conclusion:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



# WEEK 6

Date 11/06/78

**15¾ Production Hours Left  
7 Sales Weeks Left**

## THIS WEEK'S OBJECTIVES

- |   | <i>Time</i> |
|---|-------------|
| <input type="checkbox"/> Production   | 140 minutes |
| <input type="checkbox"/> First Payroll completed and distributed                              |             |
| <input type="checkbox"/> Close Books  |             |
| <input type="checkbox"/> First invoice from JA for company charges<br>(Payment due next week) |             |
| <input type="checkbox"/> Review and update goals with entire<br>company at 8:50               | 10 minutes  |

**NOTE: 2 WEEKS LEFT UNTIL AUDIT.**

## GOALS

Company sales goal this week: \$ \_\_\_\_\_  
Company sales actual this week: \$ \_\_\_\_\_  
Company sales goal to date: \$ \_\_\_\_\_  
Company sales actual to date: \$ \_\_\_\_\_  
Difference (+ or -): \$ \_\_\_\_\_

Personal sales goal this week: \$ \_\_\_\_\_  
Personal sales actual this week: \$ \_\_\_\_\_  
Personal sales goal to date: \$ \_\_\_\_\_  
Personal sales actual to date: \$ \_\_\_\_\_  
Difference (+ or -): \$ \_\_\_\_\_

Production goal this week: \_\_\_\_\_ units  
Production actual this week: \_\_\_\_\_ units  
Production goal to date: \_\_\_\_\_ units  
Production actual to date: \_\_\_\_\_ units  
Difference (+ or -): \_\_\_\_\_ units

### **Material Needed**

Product Materials and Tools-Adviser

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### **Turn In to JA Office**

Administrative Record Folder

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## **PRODUCTION**

1. Double-check all steps for safety and productivity
2. Estimates for raw materials needed through end of program should be completed tonight.
3. Order needed material

## **PAYROLL**

1. Vice President of Administration should complete payroll record and have Vice President of Finance issue checks.
2. Be sure to include commission on sales to date.

## **CLOSE BOOKS**

As soon as all necessary information is in tonight, please complete books for the first six weeks. Financial Reports will be due next week. See Record Systems for complete information.

## **GOALS REVIEW (10 minutes)**



# WEEK 7

Date 11/13/78

**13¼ Production Hours Left  
6 Sales Weeks Left**

## THIS WEEK'S OBJECTIVES

	<i>Time</i>
<input type="checkbox"/> Financial Report Prepared	
<input type="checkbox"/> Board of Directors Meeting	15 minutes
<input type="checkbox"/> Pay first invoice for company charges tonight	
<input checked="" type="checkbox"/> Discussion Topic: Productivity	35 minutes
<input type="checkbox"/> Production	90 minutes
<input checked="" type="checkbox"/> Review and update goals with entire company at 8:50	10 minutes

## GOALS

Company sales goal this week:	\$ <u>38.00</u>
Company sales actual this week:	\$ <u>38.00</u>
Company sales goal to date:	\$ _____
Company sales actual to date:	\$ _____
Difference (+ or -):	\$ _____
Personal sales goal this week:	\$ _____
Personal sales actual this week:	\$ _____
Personal sales goal to date:	\$ _____
Personal sales actual to date:	\$ _____
Difference (+ or -):	\$ _____
Production goal this week:	_____ units
Production actual this week:	_____ units
Production goal to date:	<u>50</u> units
Production actual to date:	_____ units
Difference (+ or -):	_____ units

### Materials Needed

Product Materials and Tools-Adviser  
Pencils-Achiever  
Chalk & Chalkboard

### Turn In to JA Office

Administrative Record Folder  
Financial Report  
Check for JA invoice with invoice copy

# BOARD MEETING AGENDA

- I. Call to Order by President  
Announcements; Company awards received

II. Vice President of Production

- 0 Production problems encountered  
200 Units produced to date  
Number of products which may be produced  
with material on hand  
0 Accidents to date  
Quality Control Problems

Vice President of Marketing

- 32 New sales club members; top salesperson to date  
32 Sales to date (units)  
\$279.50 Sales to date (dollar amount)  
5 Inventory in hands of salespeople  
Inventory in stock

Vice President of Finance

- Income to date  
Expenses  
Before tax net profit  
Book value of stock  
Accounts payable  
Reserve for sales tax  
Allowance for profits tax  
Net profit (loss) after tax  
Current bank balance

Vice President of Administration

- 15 Members with perfect attendance  
Upcoming events

Other Officer and Committee Reports as required

III. Old Business

IV. New Business

## COMPANY CHARGES DUE TONIGHT

JA Company materials \$30.00.

Notes:



# DISCUSSION TOPIC:

## PRODUCTIVITY

Guest Resource Person: \_\_\_\_\_

The objective of this discussion topic is to give you a better understanding of Productivity and how it relates to our free enterprise system as a whole, and your JA company in particular. You will also see how Productivity has a direct bearing on the future progress of this country, and how you can use Productivity to help you in your personal activities.

### I. What is Productivity?

A. To help you define productivity, answer the two questions below:

1. Two JA companies make candle holders. Both companies are exactly alike except that Company A is able to produce more candle holders per night than Company B. Which company will be more successful, if both companies sell all the candles they produce?

Answer: Company A

2. What term is used to describe the difference between these two companies:

Answer: productivity

SUMMARY: Productivity is thus a way of comparing "output" (what is produced), with "input" (all the resources needed to produce). When you can produce more goods with the same amount of resources, you have increased your productivity. Increasing your productivity is, therefore, the key to exceeding your company's break-even point.

- B. Many people do not produce goods (e.g. scientists, engineers, teachers, doctors) but they do produce services. How do you measure a persons productivity from a service?

1. success in its field

Our standard of living depends on increasing the productivity of each person in our economy, whether he/she produces goods or furnishes services.

### II. Why is increased productivity important?

A. What happens when a company is not productive?

1. price increase
2. no one buys product

B. In your JA Company, as in business, productivity depends on employee performance. Can you think of ways that employee productivity can be improved?

1. commission
  2. personal satisfaction
  3. blue-chip company
  4. increase sales
1. HELP REDUCE SCRAP & WASTE  
2. IMPROVING PRODUCT QUALITY  
3. CARING FOR EQUIPMENT

C. Do you think that productive employees do their job well and have a sense of job responsibility?

1. yes

### III. How does productivity relate to future progress?

A. Increased productivity determines our nation's future standard of living because:

1. productivity goes up  
prices go down

prices go down  
productivity

B. Productivity is hard to measure because it includes all services and goods and implies improvements in all production resources. Production resources include:

1. slugs
2. tiles
3. 1000 material
4. boards
5. bricks

C. Increased productivity has improved our way of life in the past and it can help us in the future. Some examples of this are:

IV. How can I increase my "personal" Productivity through a better use of my time?

A. I can analyze myself through:

1. Important goals—

Sell as much as I can  
Try to reach your goal

2. Accomplishment—

I managed 10 baskets  
I 1st time like

3. Responsibility—

Make as many tele-  
phone calls as I can  
as personnel director.

4. What am I doing?

Producing

5. What should I be doing?

Produce, sell, make  
money, and co-operate  
with others

B. Steps for increasing personal Productivity.

1. List of personal goals:

2. How do I accomplish these goals?

3. Follow this plan of action:

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_



C. Tips for increasing personal Productivity:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_

V. Conclusion:

---

---

---

---

---

---

---

---

---

---

---

---

PRODUCTION (90 minutes)

ADJOURNMENT

119 lights

55 trivets

31 baskets

205 items!

$$119 \times \$7.95 = \$946.05$$

$$55 \times \$2.50 = 137.50$$

$$31 \times \$1.50 = 46.50$$

\$1130.05

Top sales people

Roland Phillip 11 baskets  
6 lights

Mike Lathrop 4 lights

Vicky Gonzales

30 lights - 20 baskets  
\$275.60

51 lights - 13 baskets - out

Jamco - in San Diego

3 days in February '79

~~\$115.00 if going with someone~~

~~Alone \$98.00~~

# WEEK 8

Date 11/20/78

**11 $\frac{3}{4}$  Production Hours Left  
5 Sales Weeks Left**

## THIS WEEK'S OBJECTIVES

- ☐ Production
- ☐ Audit
- ☐ Mid-Year Evaluation of Goals and Objectives
- ☐ Qualifications for Blue Chip Company:
  1. Complete record on page 49 & 50, week 8.
  2. Complete Achiever manuals.

Time  
150 minutes

- ☐ Review and update goals with entire company at 8:50

## GOALS

Company sales goal this week: \$ \_\_\_\_\_  
Company sales actual this week: \$ \_\_\_\_\_  
Company sales goal to date: \$ \_\_\_\_\_  
Company sales actual to date: \$ \_\_\_\_\_  
Difference (+ or -): \$ \_\_\_\_\_

Personal sales goal this week: \$ \_\_\_\_\_  
Personal sales actual this week: \$ \_\_\_\_\_  
Personal sales goal to date: \$ \_\_\_\_\_  
Personal sales actual to date: \$ \_\_\_\_\_  
Difference (+ or -): \$ \_\_\_\_\_

Production goal this week: \_\_\_\_\_ units  
Production actual this week: \_\_\_\_\_ units  
Production goal to date: \_\_\_\_\_ units  
Production actual to date: \_\_\_\_\_ units  
Difference (+ or -): \_\_\_\_\_ units

### Materials Needed

Product Materials and Tools-Adviser  
Record Books *yes*

### Turn In to JA Office

Administrative Record Book *yes*

*On December 19, we will have an open house at the hotel. We will bring our products with us that day and sell them to people who work at Capital Building #23. No meeting on Jan 1, 1979, because of New Year's Day.*



# PRODUCTION (150 minutes)

## AUDITING

The following audit will help ensure the coordination of activities and fulfillment of responsibilities. Each department should audit those activities for which it is responsible. The president should then perform the full audit of the departments. Upon completion all books should be turned into the JA office.

### Finance Records

#### General Record

- ☐ 1. Column balances brought forward from previous accounting period.
- ☐ 2. Total debits equals total credits.
- ☐ 3. Cash balance agrees with amount in checking account (Bank Statement).
- ☐ 4. Bank statement reconciled.
- ☐ 5. All outstanding bills listed under accounts payable (column 1).
- ☐ 6. All bills current (none over 30 days).
- \* ☐ 7. Have rent, insurance, office supplies been paid to JA?
- ☐ 8. The number of sold stock certificates agrees with the amount shown in column 4 of the General Record.
- ☐ 9. Sales income (column 6) agrees with Sales Record.
- \* ☐ 10. Sales tax is entered in column 5. "Sales Tax Collected" and is not lumped in with "Sales Income," column 6.
- ☐ 11. Dates, check numbers, and descriptions complete on general record.
- \* ☐ 12. Wages and commissions earned through previous period been paid.
- \* ☐ 13. If wages have not been paid, they are entered as a payable (column 1).

#### Management Report

- ☐ 14. Value of finished goods inventory computed accurately. (see reverse of Management Report).
- \* ☐ 15. Spot check entries to see if they were transferred correctly from the General Record.
- ☐ 16. Spot check addition and subtraction.
- ☐ 17. Assets equal Liabilities and Capital.
- ☐ 18. Stock value computed correctly (back of management report).

### Manufacturing Records

#### Company Production Record

- ☐ 19. Check total number of items turned over to sales with Line 6, inventory audit on Sales Record.

#### Inventory Sheet

- ☐ 20. All goods valued at cost. Spot check multiplication.

### Sales Records

#### Sales Record

- ☐ 21. Balances brought forward (Spot check for accuracy).
- ☐ 22. Check to see if beginning balance, plus total products checked out, less total sold and returned equals end of period balance of products in hands of salespeople.
- ☐ 23. Total number of products sold for the period correspond with dollar amount sold.
- ☐ 24. Commissions computed correctly.
- ☐ 25. Inventory Audit: Lines 3, 4, and 5 must equal line 6.

### Administration Records

- ☐ 26. Time keeping and payroll.
- ☐ 27. Commissions agree with commission on Sales Report.
- ☐ 28. Spot check wage computations and other additions.
- ☐ 29. Totals agree with General Record.

- ☐ 30. Stock Certificate Reconciliation-complete and accurate.
- ☐ 31. All stock certificates accounted for.
- ☐ 32. Minutes. Finance, sales and production status reported.
- \* ☐ 33. Does this company meet Blue Chip Company status?

\* Audited by staff-6 items

## MID-YEAR EVALUATION OF GOALS AND OBJECTIVES

At this point split into groups of eight as you did at the first two meetings (see page 2). Now that the program is half over, take a look at the goals that were originally established and assess the performance that has taken place against these goals. What problems have occurred and what can be done to overcome them? How can we improve our company? Would you recommend JA to a friend?

In conjunction with the evaluation of your company's goals and objectives, the performance of your officers should also be evaluated. Those who are doing a good job should continue in office or be promoted, while those who are performing in a less than satisfactory manner should be warned and replaced if their performance does not improve.

In addition to your mid-year evaluation you should also make sure that your company, and its members, are taking advantage of all of the contests and awards that are outlined on page 13 of this manual. The individual awards available consist of 100% Attendance Pins,

Sales Awards starting at \$50, the Achievement, Management and Executive Awards, and the Officer of the Year Contest. Your JA company can qualify for the \$1000 Sales Club, and as a Blue Chip Company if you meet the requirements outlined on this page. The outstanding Blue Chip Company is then chosen and awarded the title of Best Company for the semester.

How many of the qualifications do your company and its members meet *now* for these awards? Do all your company members realize that only 30% of them will be recommended to return to JA for next semester?

Company's production goal to date: \_\_\_\_\_  
Company's actual production to date: \_\_\_\_\_  
Difference (+ or -): \_\_\_\_\_

Company's sales goal to date: \_\_\_\_\_  
Company's actual sales to date: \_\_\_\_\_  
Difference (+ or -): \_\_\_\_\_

Personal sales goal to date: \_\_\_\_\_  
Personal actual sales to date: \_\_\_\_\_  
Difference (+ or -): \_\_\_\_\_

Spend as much time as necessary on this subject in order to reach your objectives.

Give your group report to the entire company. Decide upon any actions necessary.

BLUE CHIP COMPANY QUALIFYING REQUIREMENTS							
Ending membership	12						
Number of Achievers dropped	Members 2nd mtg.	15-17	18-19	20-22	23-25	26-30	Over 30
	Allowable drops	3	4	5	6	7	30%
Number of meetings held	15						
Compensation	Wages: at least \$.30/hr for no less than 13 weeks Salaries: at least \$1.00/wk. for elected officers for no less than 13 weeks Commissions: A commission must be paid on sales at a minimum of 10%.						
Profit before taxes	Company must have made a profit and paid profits tax						
Average attendance for year	80%. To compute, total all weekly attendance figures and divide by total of all membership figures.						
Sales	\$600 for manufacturing companies						
Products	Product must be: a) safe to produce and safe for consumers b) not a commercial product, unless product is purchased in bulk and repackaged (such as window cleaner purchased by the barrel and rebottled or medical supplies repackaged as household first-aid kits).						
Education	Company members completed manuals. Each discussion topic was covered. *Must hold officer training.						



# WEEK 9

Date 10/17/78

**9 1/4 Production Hours Left  
4 Sales Weeks Left**

## THIS WEEK'S OBJECTIVES

- |  | <i>Time</i> |
|--|-------------|
| <input type="checkbox"/> Production  | 105 minutes |
| <input type="checkbox"/> Check Inventory                                     |             |
| <input type="checkbox"/> Only three more weeks of production                 |             |
| <input type="checkbox"/> Discussion Topic: Profits                           | 30 minutes  |
| <input type="checkbox"/> Sales Recognition Award                             | 5 minutes   |
| <input type="checkbox"/> Review and update goals with entire company at 8:50 | 10 minutes  |

*103 mins  
checked out*

*Only 3 1/4 hours  
left in 1978  
month*

*I have \$39.76  
(check place) in salary*

## GOALS

Company sales goal this week: \$ \_\_\_\_\_  
Company sales actual this week: \$ \_\_\_\_\_  
Company sales goal to date: \$ \_\_\_\_\_  
Company sales actual to date: \$ \_\_\_\_\_  
Difference (+ or -): \$ \_\_\_\_\_

Personal sales goal this week: \$ \_\_\_\_\_  
Personal sales actual this week: \$ \_\_\_\_\_  
Personal sales goal to date: \$ \_\_\_\_\_  
Personal sales actual to date: \$ \_\_\_\_\_  
Difference (+ or -): \$ \_\_\_\_\_

Production goal this week: \_\_\_\_\_ units  
Production actual this week: \_\_\_\_\_ units  
Production goal to date: \_\_\_\_\_ units  
Production actual to date: \_\_\_\_\_ units  
Difference (+ or -): \_\_\_\_\_ units

Remember, there are only three more selling weeks left. Have you and your company met your goals?

### Materials Needed

Sales Recognition Awards-Adviser  
Product Materials and Tools-Adviser  
Local Firm's Annual Report-Adviser  
JA Company Management Report  
Chalkboard & Chalk

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### Turn In to JA Office

Administrative Record Folder

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

# DISCUSSION TOPIC:

## PROFITS

Guest Resource Person:

*Bob McHichmie*

In this discussion topic on Profits you will learn the importance of Profits to businesses, to our free enterprise system, and to our government. Without Profits, the cornerstone of our free enterprise system, businesses would collapse because the capital needed for expansion of facilities, workforces, and experimentation would disappear. The government's tax base would be severely reduced because of the heavy taxes that businesses pay on profits. You will also see the effect that profits have on various sectors of our economy, and what would happen to them if profits were limited.

Profit is the money left after all business expenses have been paid. From profit corporations pay taxes, pay dividends to stockholders, and get capital to expand and increase efficiency. Over the years industry has made an average profit of 3 to 6 percent on sales.

Profit is also a measure of your company's efficiency. It can determine, in many cases, whether a company is well managed or not. The measurement of profit is a good tool by which a company's management can make informed decisions, and therefore make the correct adjustments in its operation.

I. Using the annual report you have been given by your advisers, follow along as your speaker explains how profits are figured.

A. How do companies secure income?

1. *from sales*
2. *from interest*
3. *from dividends*

B. Where does most of the income for the company you are discussing come from?

*from sales*

C. Is it more or less than they took in last year?

*more*

D. What is included in costs?

1. *raw materials*
2. *labor, rent*
3. *utilities*
4. *insurance*

E. What percentage of the total income goes to pay wages, salaries and benefits?

*31% for wages*

F. Depreciation is the amount of money that an item decreases in value each year because it is getting old and wearing out. The buildings and equipment used by industry wear out and eventually must be replaced. Therefore, the company must set aside a legal amount of money each year to replace its worn out equipment.

G. By the time you are ready to replace a piece of equipment, what do you suppose has happened to the price of what you must buy to replace it?

*increased*

H. What kinds of taxes do companies pay?

1. *income tax*
2. *state*
3. *local*
4. *property tax*

I. The government gets up to 48 percent of corporate profits as taxes. That means that for every dollar of profit that a company makes, the government gets almost half. In other words, the government's income depends on profits. Profits, are therefore, the cornerstone of our country's way of life.



J. What percentage of the income of the company you are discussing was profit?

Remember, averaging the good years with the bad, companies have a profit on sales of only three to six percent.

K. What happens to profits?

1. Profit
2. Profit
3. Profit

L. How do the following sectors of the economy benefit from profits?

1. Consumers improvement
2. Employees income
3. Investors income
4. Suppliers income
5. Government income

II. What does the profit picture look like for the JA Company?

A. What is the profit before taxes?

B. What is the profit after taxes?

C. Why do we always refer to profit after taxes?

D. How will you distribute your profits?

E. What is a fair profit?

F. Should there be a limit on the amount of profit a company can make?

G. If profits were limited, how would the following group be affected?

1. Consumers high price
2. Employees low pay
3. Investors low interest
4. Suppliers fewer sales
5. Government fewer taxes

### III. Conclusion

A. Not all JA companies will make a profit, and those that don't make a profit will not be able to pay dividends. But suppose you were told that JA wants every company to be able to pay a dividend to its stockholders whether it makes a profit or not. To do this your Junior Achievement office would want every profit making company to turn in their profit to be redistributed evenly among all the companies. Would your company members be willing to do this?

Why or why not?

no, work for what is it done  
to be profitable  
not to be profitable  
from 9:00 a.m. to 1:00 p.m.  
a day that replaces the  
the "free" day meeting

Date 12/4/78

**7½ Production Hours Left  
3 Sales Weeks Left**

## THIS WEEK'S OBJECTIVES

- |  |             |
|--|-------------|
| <input type="checkbox"/> Establish Annual Report Committee                   | <i>Time</i> |
| <input type="checkbox"/> Production  | 150 minutes |
| <input type="checkbox"/> Award Applications due                              |             |
| <input type="checkbox"/> Review and update goals with entire company at 8:50 |             |

## GOALS

Company sales goal this week:	\$ _____
Company sales actual this week:	\$ _____
Company sales goal to date:	\$ _____
Company sales actual to date:	\$ _____
Difference (+ or -):	\$ _____
Personal sales goal this week:	\$ _____
Personal sales actual this week:	\$ _____
Personal sales goal to date:	\$ _____
Personal sales actual to date:	\$ _____
Difference (+ or -):	\$ _____
Production goal this week:	_____ units
Production actual this week:	_____ units
Production goal to date:	_____ units
Production actual to date:	_____ units
Difference (+ or -):	_____ units

### Materials Needed

Product Material and Tools-Adviser

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### Turn In to JA Office

Administrative Record Folder

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



## PRODUCTION

- A. Three more weeks of production including this week. (If inventory is very large you may want to reduce product price).

## SALES

- A. Obtain products or money from directors who have resigned.
- B. Bring in all products for liquidation sale next week.
- C. All sales money must be in by the 12th meeting.
- D. Advise members that the cost of products still outstanding by next week will be deducted from their final paycheck.

## ADMINISTRATION

- A. Appoint Annual Report Editor  
Plan Annual Report. Report must contain a letter to the stockholders from company president which includes:

- 1. Company activities
- 2. Goals accomplished
- 3. Discussion of learning value
- 4. List of members
- 5. List of advisers
- 6. Thanks for investing

Your Annual Report budget should not exceed \$20.00. The only expenses you will have are listed below as a typical Annual Report budget:

A. Duplicating costs:	\$ 9.00
B. Envelopes:	1.00
C. Postage:	<u>10.00</u>
	\$20.00

# SAMPLE LETTER TO STOCKHOLDERS

For a professional appearance, type the final draft on an electric typewriter with a carbon ribbon.

ANNUAL REPORT  
for the period (month/year) to (month/year)

ABC  
a Junior Achievement Company counseled by  
XYZ Company

Junior Achievement of (area) Inc.  
(business center address)

(date)

Dear Shareholder:

The ABC Junior Achievement Company has liquidated its assets and has terminated operations as of this date. JA companies are dissolved at the end of each period in order to allow new members to organize new companies.

We are pleased to report that we were financially successful. The enclosed check for \$1.10 represents: 1) The return of your original \$1.00 investment, 2) A 5% operating dividend, and 3) A 5% liquidating dividend. The \$.05 liquidating dividend represents assets and profits which would ordinarily be retained by continuing companies to finance current and future operations.

(If the company lost money, the following sentence would be substituted for the preceding paragraph.) We regret to report that our venture has not been financially successful. We are therefore able to liquidate our outstanding shares for only (\_\_\_\_ percent) of their original value.

Our company was formed (date) with members from (school). We quickly established objectives, formed a board of directors and elected officers. We raised capital by selling \_\_\_\_ shares of stock at \$1.00 per share.

During the program we produced and sold \_\_\_\_\_ (list and describe product). In addition, we paid wages, salaries, rent, and all normal expenses of doing business.

The officers maintained detailed production, sales, financial, and personnel records, and reported periodically to the board of directors. In sum, we performed all of the functions of an on-going corporation.

As with any business, we encountered a number of problems and faced some difficult decisions--all of which gave us insights and practical knowledge of business and our economic system. (List major decisions, problems, and solutions.)

Aside from financial considerations, we were successful in many ways. In addition to acquiring business knowledge and experience, we



were able to make decisions that counted and had an opportunity to rely on ourselves. Individually, we were able to apply leadership, problem solving and communications skills to real situations. As a group we practiced teamwork and saw the interrelations within business and between business and the community. (Add specific lessons learned in your company.)

On a more personal level we were able to gain an exposure to various careers and to learn to relate to other people.

We wish to express our sincere appreciation to our advisers (list names) from (counseling firm) for sharing with us their time and knowledge. Finally, we would like to thank you, the stockholder, for without your interest in JA and your investment in our company, the past year would not have been possible.

Sincerely yours,

(List all members and include titles of officers.)

# FINANCE

A. Contact vendors and ask that all bills be submitted prior to the closing of the books. Books will be closed on \_\_\_\_\_ (date).

B. Financial Statement

1. P & L
2. Balance sheet
3. Liquidation report

C. Statement of accuracy which is an audit of financial records

## SAMPLE FINANCIAL STATEMENT

### A JUNIOR ACHIEVEMENT COMPANY

#### PROFIT AND LOSS STATEMENT FOR THE YEAR ENDING \_\_\_\_\_ 19 \_\_\_\_\_

Sales	\$ _____
COST OF GOODS SOLD:	
Material	_____
Shop Supply	_____
Labor	_____
COST OF GOODS SOLD:	_____
GROSS PROFIT	_____
OVERHEAD EXPENSES:	
Salaries	_____
Commissions	_____
Rent	_____
Office Supply	_____
Annual Report	_____
Other Expenses	_____
Total Overhead Expenses	_____
OPERATING PROFIT	_____
Other Income	_____
NET PROFIT BEFORE TAXES	\$ _____
Provision for JA Profits Tax	_____
NET PROFIT AFTER TAXES	\$ _____

The profit and loss statement and balance sheet have been examined and found to be an accurate and true representation of the company's operations for the period indicated.

(Auditor)  
(Firm)

#### BALANCE SHEET AS OF \_\_\_\_\_ 19 \_\_\_\_\_

Assets:	
Cash	\$ _____
Accounts Receivable	_____
Total Assets	\$ _____
LIABILITIES	
Accounts Payable	\$ _____
Allowance for Profits Tax	_____
STOCKHOLDERS EQUITY:	
Capital Stock	_____
Net Profit after Taxes	_____
Total Liabilities and Capital	\$ _____

#### LIQUIDATION REPORT

CAPITALIZATION	\$ _____
NET PROFIT	_____
TOTAL AVAILABLE FOR DISTRIBUTION	\$ _____
STOCKHOLDER DISTRIBUTION	_____
(\$ _____ PER SHARE X _____ SHARES)	\$ _____

\$ \_\_\_\_\_ per share as Return of Original \$1.00 Investment

\$ \_\_\_\_\_ per share as Regular Dividend

\$ \_\_\_\_\_ per share as Liquidating Dividend. This amount would ordinarily be retained in the company if it continued operation.

EMPLOYEE BONUSES	_____
CONTRIBUTIONS	_____
OTHER	_____
TOTAL DISTRIBUTION	\$ _____



# WEEK 11

Date

12/11/78

5 Production Hours Left  
2 Sales Weeks Left

## THIS WEEK'S OBJECTIVES

- ☐ Production Time  
150 minutes  
☐ Review and update goals with entire company at 8:50

## GOALS

Company sales goal this week: \$ \_\_\_\_\_  
Company sales actual this week: \$ \_\_\_\_\_  
Company sales goal to date: \$ \_\_\_\_\_  
Company sales actual to date: \$ \_\_\_\_\_  
Difference (+ or -): \$ \_\_\_\_\_

Personal sales goal this week: \$ \_\_\_\_\_  
Personal sales actual this week: \$ \_\_\_\_\_  
Personal sales goal to date: \$ \_\_\_\_\_  
Personal sales actual to date: \$ \_\_\_\_\_  
Difference (+ or -): \$ \_\_\_\_\_

Production goal this week: \_\_\_\_\_ units  
Production actual this week: \_\_\_\_\_ units  
Production goal to date: \_\_\_\_\_ units  
Production actual to date: \_\_\_\_\_ units  
Difference (+ or -): \_\_\_\_\_ units

### Materials Needed

Product Materials and Tools-Adviser

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### Turn In to JA Office

Administrative Record Folder

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

# WEEK 12

Date 12/19/78

(My most successful one - ever!)

2½ Production Hours Left  
1 Sales Week Left

## THIS WEEK'S OBJECTIVES

- ☒ Production Time  
150 minutes  
A. Complete all production
- ☒ Sales  
A. All sales money must be turned in by the 13th week  
B. Prepare to liquidate all surplus products and supplies
- ☒ Second invoice from JA for company charges (Payment due next week)
- ☒ Review and update goals with entire company at 8:50 Business Date

Jane Pearson and I went to Inglewood, Calif., to be in part as the man-and-girl representatives for our company, Shine it On. To make it sweet, both of us come from La Habra! We met at Bob's house around 3:30 p.m. and shortly after that, we ended up selling 35 trivets for the night, with Jane selling 17 of those trivets and myself 18! And that's the best night I ever had with Jane!

## GOALS

Company sales goal this week:	\$ _____
Company sales actual this week:	\$ _____
Company sales goal to date:	\$ _____
Company sales actual to date:	\$ _____
Difference (+ or -):	\$ _____
Personal sales goal this week:	\$ _____
Personal sales actual this week:	\$ _____
Personal sales goal to date:	\$ _____
Personal sales actual to date:	\$ _____
Difference (+ or -):	\$ _____
Production goal this week:	_____ units
Production actual this week:	_____ units
Production goal to date:	_____ units
Production actual to date:	_____ units
Difference (+ or -):	_____ units

### Materials Needed

Product Materials and Tools-Adviser

### Turn In to JA Office

Administration Record Folder

That's a big plus for a <sup>high</sup> ~~low~~ key company!



# WEEK 13

Date

1/8/79

Production Ended  
Sales Ended

## THIS WEEK'S OBJECTIVES

- |  | <i>Time</i> |
|--|-------------|
| <input checked="" type="checkbox"/> All Money in   |             |
| <input checked="" type="checkbox"/> Liquidation Meeting                                    | 60 minutes  |
| <input checked="" type="checkbox"/> Apply for Blue Chip Company<br>award if qualified      | 20 minutes  |
| <input checked="" type="checkbox"/> Topic: Business/Society/Careers                        | 50 minutes  |
| <input checked="" type="checkbox"/> Close Books  |             |
| <input checked="" type="checkbox"/> Second JA Invoice Paid                                 | 10 minutes  |
| <input checked="" type="checkbox"/> Sales Goal Award                                       |             |
| <input checked="" type="checkbox"/> Review and update goals with<br>entire company at 8:50 | 10 minutes  |

## GOALS

Company sales goal this week:	\$	_____
Company sales actual this week:	\$	_____
Company sales goal to date:	\$	_____
Company sales actual to date:	\$	_____
Difference (+ or -):	\$	_____
Personal sales goal this week:	\$	_____
Personal sales actual this week:	\$	_____
Personal sales goal to date:	\$	_____
Personal sales actual to date:	\$	_____
Difference (+ or -):	\$	_____

### **Materials Needed**

Blue Chip Company Application Form  
-Center Manager  
Pencils-Achiever  
Chalk & Chalkboard

### **Turn In to JA Office**

Administrative Record Folder  
Final Sales Tax Report  
Check with JA Invoice

# LIQUIDATION

Figuring the good years with the bad, industry averages a profit on sales of 3 to 6 percent. How did your company compare with industry in general?

Liquidation is the process of converting the assets of a company into cash, settling all accounts, and distributing the remaining cash to the owners.

JA companies liquidate to provide new members the opportunity to organize companies from the ground up. The exact termination date will be set by the JA office.

- I. Vice President of Marketing
  - A. Turn in all sales money tonight
  - B. Close out sales records
  - C. Compute Final commissions
- II. Vice President of Administration
  - A. Board approval of Annual Report budget
  - B. Prepare envelopes for the mailing of Annual Report
- III. Vice President of Finance
  - A. Pay all bills
  - B. Prepay final bank charges
  - C. Record final sales income
  - D. Prepare final sales tax report and submit to JA office
  - E. Obtain final commission data and complete final payroll (estimate wages and salaries through last meeting).
  - F. Determine distribution of after-tax profit
    1. Stock dividends
    2. Contributions
    3. Bonuses
  - G. Prepare profits tax check

## Dividends

If it were to operate perpetually, a JA company would retain a portion of its earnings to finance new facilities and equipment. It is important then to make a distinction in the Annual Report between the actual amount distributed to the stockholder and what would otherwise be a normal return on a stock investment. (Most ongoing corporations pay annual dividends of less than 5% of the market value of the stock.) The stockholders might otherwise gain an inaccurate concept of profit.

For a company which earned 10% profit, a

statement similar to the following would cover this distinction.

"The \$1.10 return accompanying this report includes:

\$1.00 as repayment of your original investment.

\$ .05 as an operating dividend.

\$ .05 as a liquidating dividend. (These funds would be retained by the company for future expansion if it were to continue in operation.)"

## Taxes

The following charts illustrate the major taxes paid by business in the U.S. and Canada.

### U.S.

Income Tax. Proprietorships and partnerships are taxed as individuals.

Corporations pay a special tax of:  
20% on the first \$25,000 of profit,  
22% on the second \$25,000 of profit, and,  
48% on all profit over \$50,000.

Social Security Tax (FICA). The employer pays 6.05% on the first \$17,700 of each employee's wages. The employee also pays the same amount.

Federal Unemployment Tax (FUTA). The employer pays 3.2% on the first \$4,000 of each employee's wages.

Workmen's Compensation. Collected by the states. Rates vary.

Federal Excise Taxes. Paid on certain manufactured goods.

Federal Use Taxes. Paid by owners of aircraft, trucks, and buses for use of federal highways and skyways.

State And Local Income And Property Taxes.

### Canada

Income Tax. Proprietorships and partnerships are taxed as individuals.

Corporations pay 21% of the first \$35,000 of profits and 50% on profits in excess of \$35,000. The tax is collected by the Federal Government on behalf of itself and the Provinces.



Canada Pension Plan (CPP). Paid by the employer and employee on a 50/50 basis.

Unemployment Insurance (UIC). Paid by the employer and employee on a ratio of approximately 60/40.

Workmen's Compensation. Paid in total by the employer; rates vary by industry.

Federal Sales Tax. Paid on manufactured goods at the rate of 12%.

Resource Taxes. Collected by Federal and Provincial governments from mining, lumbering, and other resource industries.

Municipal Property And Business Taxes.

**Taxes Paid By JA Companies**

Income Tax. In the U.S. JA companies pay a simulated "profits tax" of 22% plus a surtax of 26% on all profit over \$25 (the tax rate in Canada is 21% on the first \$35 and 50% on profits in excess of \$35.)

Contributions up to 5% of net profit are deductible as are employee bonuses up to 10% of all compensation paid prior to March 1. All other business expenses are deductible in full.

Since JA companies are non-legal corporations, the profits tax is paid to the JA office. The "tax" is deposited by JA in a special award fund for the benefit of its members.

Sales Taxes. JA companies are required to collect a sales tax based on the retail price of the product. The tax is forwarded through the JA office to the appropriate government agencies. Check local procedures for details.

**COMPANY CHARGES  
DUE TONIGHT**

1. Rent	\$15.00
2. Insurance	9.00
3. Charter Fee	5.00
4. Equipment rental	@ 3.00 each
	\$32.00

**DISCUSSION TOPIC:**

**BUSINESS/SOCIETY/CAREERS**

Guest Resource Person: \_\_\_\_\_

The objective of this discussion topic is to make you better able to evaluate your own career potential by examining yourself, by establishing career concepts and by learning the fundamentals of resumes, job applications and interviews.

- I. People work for four basic reasons. They are:  
1) to satisfy personal wants and needs, 2) to provide security, 3) to provide goods and services for others, 4) to achieve recognition.

Let's examine the category "personal wants and needs". People who derive satisfaction from their work are fortunate. They are the lucky ones who enjoy what they do and are not bored. You will probably be working for the next 45 years at one occupation or another, so it is very important that you choose a career that can supply you not only with material wants and needs, but also with emotional wants and needs. The world of work can be very enjoyable if you spend time preparing for your working years.

To investigate a career, you must identify certain characteristics about yourself. One way to do this is to list the likes and dislikes you connect with the world of work, and then answer some important questions. Fill in the spaces below with your likes and dislikes.

A. What I like:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

B. What I don't like:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

II. Now answer the following questions about yourself:

A. What are your special abilities and talents? (Playing a musical instrument, public speaking, sports, etc.)

---

---

---

B. What are your best subjects in school?

---

---

---

C. What are your worst subjects as far as grades are concerned?

---

---

---

D. What are your hobbies? (These can give you special insight in making career decisions.)

---

---

---

E. What is your physical condition? (Some jobs require more physical energy than others.)

---

---

---

Evaluate the information you have written down about yourself, and consider all of these things before you look for a job. To help you in exploring careers, the U.S. Department of Labor publishes *The Dictionary of Occupational Titles*, which describes all of the occupations in this country.

III. Many of the occupations you identify require additional education or training. What colleges, trade schools and other kinds of special training are available in your community?

---

---

---

IV. Career concepts to be considered:

- A. A person may have several careers in a lifetime.
- B. Every occupation contributes to society.
- C. Every individual can have a meaningful and rewarding career.
- D. Different careers require different knowledge, abilities and attitudes.
- E. A person's best career direction develops over a long period of time.
- F. People pursue careers for many reasons.
- G. A person may be suited for several different careers.
- H. Every career requires some special preparation.
- I. Career Preparation must follow a plan.
- J. The choice of a career usually involves a compromise between greater and lesser needs.
- K. Changes and conditions in the world affect careers.
- L. People must adapt as the world changes.
- M. Any career area has different levels of responsibility.
- N. A person's relationships with other people, with an employer, and with society will affect his or her own career as well as the careers of others.

V. Preparing a resume:

---

---

---

---

---

---

---



# RESUME

NAME Martin Felsenfeld Age 18½  
ADDRESS 701 N. Laura St., La Habra, Calif. 90631  
PHONE NUMBER (714) 529-0421 DATE AVAILABLE FOR WORK \_\_\_\_\_  
KIND OF WORK WANTED Clerical Work.

## EXPERIENCE

JUNIOR ACHIEVEMENT 1977-78: \$ Hot Stuff, and 1978-79: Shine it On

PART TIME WORK \_\_\_\_\_

VOLUNTEER WORK \_\_\_\_\_

## EDUCATION

HIGH SCHOOL \_\_\_\_\_

JUNIOR HIGH SCHOOL \_\_\_\_\_

## EXTRA CURRICULAR ACTIVITIES

## PERSONAL DATA

HEALTH Excellent WEIGHT 140 lbs. HEIGHT 5ft. 3in.

REFERENCES AVAILABLE UPON REQUEST

JUNIOR ACHIEVEMENT INC.

## Job Interviews

## DO YOUR HOMEWORK

Know why you want to work and be able to use your reasons to sell your prospective employer.

Know your social security number.

Know facts about yourself such as place of birth and health history.

Know the names, addresses and job positions of three people who have given you permission to use their names as references.

## GIVE HONEST ANSWERS . . .

What was your position and responsibility in your JA company?

What other jobs have you held?

How much did you earn?

Have you had any special training?

Have you done any volunteer work (without pay) around school, church, hospital or home?

Do you have any special talents or hobbies that might help you on the job?

**GET YOUR ACT TOGETHER . . .**

Be prepared to talk intelligently and briefly about yourself.

Know something about the business that has the job available.

Be neat, clean, with combed hair, clean fingernails, shoes shined . . . don't wear jeans.

Go to the interview alone.

Arrive at your interview early.

Identify yourself to the receptionist, when you arrive.

Sit up straight and look the person interviewing you straight in the eye.

## VI. Job interviews:

This image shows a single sheet of white paper with horizontal blue or grey ruling lines, typical of notebook paper. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.



As a conclusion to this discussion topic on "Business, Society and Careers" it is important to note that you, as a member of Junior Achievement, will be better prepared to enter the job market than many of your high school classmates.

In the past few weeks you have learned how a small business runs, and have, in fact, run one. In doing so you have learned how to manufacture your company's product using standard assembly techniques and power equipment. You have learned basic sales techniques in order to help make your company a success. To keep track of your company's activities you have learned to keep a complete set of records, including double entry accounting and other standard bookkeeping methods.

Because every one in your company is a member of the Board of Directors, and many of them officers, you have learned managerial skills in order to run your company effectively. In short—you became an ENTREPRENEUR.

Finally, you learned how your job fits into your company, how your company's various departments relate to each other, and to the finished product. You have developed an understanding of how your company fits into the business system as a whole. But most importantly, you have developed salable skills that will help you in a very competitive job market.

In other words, you solved the old riddle: "What came first, the chicken or the egg?" You learned how you can get the experience for a job—*before* you get the job!

Date

1/15/79

## Liquidation

### THIS WEEK'S OBJECTIVES

- ☒ Liquidate/Officers
- ☐ Discussion Topic: Business/Government/Taxes

#### Materials Needed

IRS Tax Table Book-Adviser  
IRS Form #1040 & Instructions-Adviser  
Individual Income Cards-Adviser  
Pencils-Achiever  
Chalk & Chalkboards

#### Turn In to JA Office

Administrative Record Folder  
Final Management Report  
Profits Tax Check  
Sales Tax Check  
All Department Head Records  
V.P. Finance  
V.P. Marketing  
V.P. Production  
V.P. Administration



- I. Vice President Finance
  - A. Prepare dividend checks.
  - B. Submit final Management Report, which includes P & L statement, balance sheet and liquidation report to Annual Report editor for inclusion in report.
- II. Annual Report Editor
  - A. Obtain stockholder letter from President.
  - B. Obtain final Management Report (completely filled out) from Vice President Finance.
  - C. Finalize report and send to printer.

## DISCUSSION TOPIC:

### BUSINESS/GOVERNMENT/TAXES

Guest Resource Person: \_\_\_\_\_

The object of this discussion topic is to give you an understanding of how taxation affects some of the fundamental relationships between business and government. You will learn about both corporate and individual taxes, and you will fill out an Internal Revenue Service Form 1040 using data provided by your Advisers.

- I. Of those items listed below, what do you think has been the fastest rising in the average American family budget during the last ten years?

a) food, b) fuel, c) housing, or  
d) "other"

The cost of living has risen 40 percent in the past ten years, but the average family's tax bill has gone up 65 percent to pay for increased government spending on all levels.

- A. What are the fundamentals of taxation?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

- B. What types of taxes are deducted from your pay?

1. \_\_\_\_\_
2. \_\_\_\_\_

3. \_\_\_\_\_
4. \_\_\_\_\_

- C. What are the meanings of the following standard tax terms?

1. Terms describing the taxpayer.

a. Single \_\_\_\_\_

b. Single Head of Household \_\_\_\_\_

c. Dependent \_\_\_\_\_

2. Income.

a. Wages/Salaries \_\_\_\_\_

b. Tips \_\_\_\_\_

c. Dividends \_\_\_\_\_

d. Inheritance \_\_\_\_\_

e. Interest on savings \_\_\_\_\_

3. Deductions (those items that government allows you to subtract from your income).

a. Medical and dental bills \_\_\_\_\_

b. Contributions to non-profit organizations \_\_\_\_\_

c. Interest paid on loans, mortgages, charge accounts \_\_\_\_\_

d. Real estate taxes \_\_\_\_\_

e. Losses on sales of stock \_\_\_\_\_

f. Non-reimbursed business expenses \_\_\_\_\_

- D. Using the individual income cards provided by your Advisers fill out your IRS Form 1040 using the individual tax tables.

- E. How much of your personal income would be paid in Federal taxes from the completed IRS Form 1040?

\$ \_\_\_\_\_

In addition to this Federal tax, you would also have to pay Social Security, state income tax, city payroll tax, sales tax, and property tax.

II. Why do we have to pay taxes?

- A. Since government costs individuals and businesses so much, why do we need it?

1. \_\_\_\_\_

2. \_\_\_\_\_

- B. List several businesses or services provided by the government.

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

4. \_\_\_\_\_

Could the functions you just listed be more efficiently run by private enterprise?

Will they reduce competition within private enterprise?

III. What happens when government spends more money than it collects from taxes?

- A. If not enough money is raised from taxes to meet expenses, government debt will increase and become a major contributor to inflation. Inflation is a tax in a different guise. It raises the price of all goods and services and reduces the real value of savings, insurance and pensions.

- B. When government needs money to pay its debts, it starts borrowing money, pushing up interest rates and discouraging the purchasing and investment that stimulate the economy and create jobs. About 50 percent of the money available in U.S. financial markets is being borrowed by the government.

IV. Using your JA company as an example, how much does business and industry pay in taxes to support the functions of government?

- A. In the profit and loss section of your JA company's Management Report identify your net profit and compute your profits tax.

Net Profit: \$ \_\_\_\_\_

Profits Tax: \$ \_\_\_\_\_

- B. Profits taxes must be paid by every profitable company. This tax is based on a percentage of your company's net profit as shown on the reverse of your Management Report.
- C. The average profit made by business and industry is three to six percent on sales. The Federal income tax rate on corporate profits over \$50,000 is 48 percent. On an average, out of every dollar of sales income the net profit is nine cents. This means that out of every nine cents, 4.3 cents is paid in taxes with only 4.7 cents remaining as profits.



V. Summary

- A. Increased profits are essential if we want to provide jobs and continued economic growth.
- B. Increased profits provide additional tax sources for the funding of government services.
- C. Increased taxes provide revenues for government services, but also slow down economic growth.
- D. As a potential taxpayer and voter, what do you think individuals and businesses can do to control taxes?

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- 3. \_\_\_\_\_
- 4. \_\_\_\_\_
- 5. \_\_\_\_\_

# WEEK 15

Date

1/22/79

## Final Meeting

### THIS WEEK'S OBJECTIVES

- ☐ Annual Board Meeting
- ☐ Collate and Mail Annual Report
- ☐ Final Payroll
- ☐ Awards presented
- ☐ Final Meeting
- ☐ Business Opinion Survey

#### Materials Needed

Annual Report-Annual Report Editor  
Dividend Checks-V.P. Finance  
Pencils-Adviser  
Final Payroll-V.P. Finance  
Awards-Adviser

#### Turn In to JA Office

Administrative Record Folder  
5 copies of Annual Report  
Year-end Report  
Copy of letter from JA Company President to  
counseling firm head  
Turn in all boxes and records not turned in last  
week and unused supplies  
Business Opinion Survey



Annual Report received from printer prior to meeting.

- A. Collate, fold, prepare mailing. Include dividend check if a profit is made.
- B. Turn in five copies of report to JA Office.

## ANNUAL BOARD MEETING

Annual Board Meeting Agenda

### ANNUAL REPORT—REVIEWED REVIEW OF COMPANY'S ACCOMPLISHMENTS

- A. What are our goals?
- B. What were our accomplishments?
- C. What did we learn about:
  - Meaning and purpose of business
  - Role of Capital
  - Role of Profits
  - Management
  - Planning
  - Manufacturing
  - Research & Development
  - Purchasing
  - Productivity (Did productivity increase during the year? What was the effect?)
  - Inventory Control
  - Quality Control
  - Marketing
  - Marketing Incentives
  - Selling
  - Finance
  - Reporting
  - Cash Flow
  - People
- D. If you were meeting again for the first time what would you do differently with respect to:
  - Goals
  - Planning
  - Management
  - Personnel
  - Product
  - Production
  - Marketing
  - Board Meetings
  - Finance

**DISTRIBUTE FINAL PAYCHECKS**

**AWARDS PRESENTATIONS**

## YEAR END EVALUATION OF GOALS AND OBJECTIVES

At this point split into groups of eight as you did for the Mid-Year Evaluation of Goals and Objectives (see page 50 ). Now that the program is over take a look at the annual goals that were established (see page 32) and assess the performance that has taken place against these goals.

What was done to overcome our problems, if we had any?

What other methods could have been used to overcome any problems, if our solution was unsatisfactory?

What could we have done to improve our company?

Would you recommend JA to a friend? Why or why not?

Company's annual production goal: \_\_\_\_\_units

Company's actual total production: \_\_\_\_\_units

Difference ( + or -): \_\_\_\_\_units

Reasons for Difference: \_\_\_\_\_

Company's Annual sales goal: \$ \_\_\_\_\_

Company's actual total sales: \$ \_\_\_\_\_

Difference ( + or -): \$ \_\_\_\_\_

Reasons for Difference: \_\_\_\_\_

Personal annual sales goal: \$ \_\_\_\_\_

Personal actual total sales: \$ \_\_\_\_\_

Difference ( + or -): \$ \_\_\_\_\_

Reasons for Difference: \_\_\_\_\_

Spend as much time as necessary on this subject in order to completely evaluate your company's activities.

Have one member of your group give your group report to the entire company.

# GLOSSARY

**ACCOUNTS PAYABLE:** The monies credited to others and due to them for goods and services purchased.

**ACCOUNTS RECEIVABLE:** The monies charged to others and due from them for goods and services sold.

**ADVERTISING:** Written or verbal public messages to aid in the sale of goods or services.

**ANNUAL REPORT:** A report issued by a corporation, covering the previous year's activities, financial statement and future prospects.

**ASSETS:** Everything a corporation owns or has due to it: cash, investments, materials and inventories, (known as current assets); buildings and machinery (fixed assets); and patents and goodwill (tangible assets). (See liabilities and capital).

**BALANCE SHEET:** A statement of the financial condition of a business firm as of a given date.

**BOARD OF DIRECTORS:** The principal governing body of a corporation. The board, elected by the shareholders, makes policy decisions and selects officers to run the company.

**BREAK-EVEN POINT:** The volume of output (and sales) for a stipulated time period at which total costs for the period equal total income.

**BUSINESS:** The complex field of commerce and industry in which goods and services are created and distributed by private enterprises in the hope of profit.

**BYLAWS:** A set of rules adopted by an organization for the government of its members and the regulation of its affairs.

**CAPITAL:** 1) Money, goods, equipment or land used to produce other goods or services. 2) Money used to start or expand a business. 3) In accounting, the equity of the owners of a business (net worth). The equity of the owners is always equal in amount to the excess of total assets over total liabilities. Capital is generally classified on the balance sheet in the following manner: (a) capital stock, representing the amount of capital contributed by the stockholders and, (b) surplus, representing the excess of total capital over the amount of capital stock.

**CAPITAL GOODS:** The machinery, tools, equipment, etc., used in production.

**CAPITALISM:** 1) The economic system in which individuals are free to produce and distribute goods and services, and in which capital goods may be owned by private citizens, rather than by the government. The system is based on private property, contract, and competition. (The private enterprise system.)

**CHARTER:** A document issued by a government creating a corporation and defining its rights and limitations.

**CLOSING THE BOOKS:** A procedure employed in accounting to derive the profit and loss statement and balance sheet of a business at the end of an operating period.

**COMMON STOCK:** Securities which represent an ownership interest in a corporation. If the company has also issued preferred stock, both common and preferred have ownership rights, but the preferred normally receives dividends before any are paid on the common stock. Claims of both common and preferred stockholders come after the claims of bondholders or other creditors of the corporation.

**COMMUNISM:** 1) Revolutionary socialism based on the concept of the class struggle with the aim of eliminating private ownership of income-producing property. 2) The economic system in which government owns all productive resources and makes all decisions concerning production and distribution of goods and services.

**CONGLOMERATE:** A firm that owns or controls a number of companies in a variety of unrelated fields.

**CONSUMER GOODS:** Those intended for direct consumption, such as food or clothing. (See capital goods).

**CONTRACT:** An agreement between two or more persons that is legally enforceable (like a lease).

**CORPORATION:** A legal entity created by governmental charter for the purpose of carrying on approved activities as stated in its charter; owners (stockholders) enjoy limitation of liability beyond the amount of their investments.



**COST OF GOODS SOLD:** An accounting term denoting the composite of the cost of material, labor, factory overhead, and other direct expenses involved in producing goods for sale; does not include costs of selling or general management.

**CREDIT:** In accounting, a bookkeeping entry constituting an addition to an income, net worth or liability account or a deduction from an expense or asset account. Every credit entry has a corresponding debit entry.

**CREDITOR:** A person, group, or company which extends credit; therefore, one to whom a borrower owes money.

**DEBIT:** In accounting, a bookkeeping entry constituting an addition to an expense or asset account or a deduction from a revenue, net worth or liability account. (See credit.)

**DEMAND:** The set of conditions indicating how much of a product or service will be bought at various prices.

**DIVIDENDS:** Profits distributed to the owners of a corporation (the stockholders) as designated by the board of directors. On preferred shares, it is generally a fixed amount. On common shares, the size of the dividend varies with the amount of profit the company makes and the amount of cash on hand. Any dividend may be omitted if business is poor or if the directors decide to withhold earnings to invest in plant and equipment.

**ECONOMIC SYSTEM:** An arrangement of rules under which production, distribution and consumption of goods and services take place.

**ECONOMICS:** The study of the conditions and laws of production, distribution, and consumption.

**ENTREPRENEUR:** One who undertakes business risks and responsibilities.

**EQUITY:** The ownership interest in a company. (See capital.)

**EXPENSES:** Expenses which remain constant as production rates change, as opposed to variable expenses.

**FREE ENTERPRISE:** The economic system under which America was founded, based on the premise that in a freely competitive society prices will be regulated by supply and demand with little or no government intervention.

**GENERAL RECORD:** A combination journal and ledger used in JA in which all financial transactions are recorded. This is a double-entry accounting system (each transaction must be entered twice; once as a debit and once as a credit).

**GROSS NATIONAL PRODUCT (GNP):** Total market value for all goods and services produced in a country in one year.

**GROSS PROFIT:** The difference between sales and the cost of goods sold (labor, material, factory, overhead).

**INCOME AND EXPENSE STATEMENT:** A statement of incomes received and expenses incurred for a given period with the resulting difference representing the profit or loss from operations. (Also profit and loss statements or P & L statement.)

**INCOME TAX:** A tax levied on income by government. (If everyone pays the same rate, it is a proportional tax; if people with higher incomes pay higher rates, it is a progressive tax.)

**INFLATION:** A condition of rising prices caused by an increase in the quantity of money or of credit, or both (demand) in relation to the amount of goods available for purchase (supply).

**LEASE:** Transfer of the use of property for a period of time in return for a rental payment. A lease is a binding contract.

**LIABILITY:** A business concern's debt or obligation.

**LIQUID ASSETS:** Cash or any asset that can be converted immediately into cash.

**LIQUIDATION:** The payment of all obligations and the conversion of assets into cash for apportionment among the owners of a business.

**MANAGEMENT REPORT:** An accounting record used by JA companies. This form is completed monthly and contains the profit and loss statement, balance sheet, and a summary of sales and production information. Highlights of this report should be read at the monthly board meetings so that all company members are kept up to date on the financial condition of the company.

**MARKETING:** The processes of distributing or transmitting products and services; the overall selling efforts of a business firm.



**MARKETING CHANNEL:** The route taken by goods in moving from producers to consumers.

**MARKET VALUE (of stock):** The current or prevailing price of a security as indicated by current market quotations, or, for unlisted securities, the price of the last sale. (See par value)

**MARKUP:** The percentage by which a seller increases the selling price of goods over the price he paid for them.

**NET WORTH:** Capital; the difference between assets and liabilities.

**PARTNERSHIP:** A form of business whereby two or more persons agree to share the risks and profits. Stock is not issued. (See corporation and proprietorship.)

**PAR VALUE (of stock):** Face or nominal value; the value imprinted on the stock certificate, usually the original selling price. (See also market value).

**POLICY:** General rules of action that serve as guides to decisions and operations.

**PREFERRED STOCK:** A class of stock with a claim on a company's earnings prior to dividends being paid on the common stock. It is usually entitled to dividends at a specified rate. (See common stock.)

**PRIVATE ENTERPRISE:** (See Free Enterprise).

**PRODUCTIVITY:** Production output in relation to cost.

**PROFIT:** Money left to a business after all expenses have been paid. From profit, corporations pay taxes, pay dividends to shareowners, and get capital to expand or increase efficiency. Over the years industry has made an average profit of 3 to 6 percent on sales.

**GROSS PROFIT:** Sales income less the cost of goods sold (material, labor, factory overhead, and other direct expenses).

**OPERATING PROFIT:** Gross profit less selling and administrative costs.

**NET PROFIT (before taxes):** Operating profit plus non-operating income (extraordinary income) less non-operating expenses (extraordinary expenses).

**PROFITS TAX:** A compulsory charge exacted of a JA company based on a percentage of its net profit. Usually is 50%.

**PROPRIETORSHIP:** A business conducted by a single owner.

**PROSPECTUS:** A circular which describes securities being offered for sale.

**PROXY:** Authority to act for another in voting stock; a written evidence of such authorization.

**RECESSION:** A period of slowdown in economic activity marked by a reduction in production, sales, profit, employment, and sometimes prices. Not as severe as a depression.

**SALES PROMOTION:** Programs designed to expand sales.

**SOCIALISM:** A system of social organization based on government ownership and operation of the principal means of production and distribution of goods and services.

**STOCKHOLDER:** An individual who has invested in a corporation and is entitled to a share of the company's profits. The stockholders are the owners of a corporation and elect the board of directors.

**SUPPLY:** the amount of goods produced and offered for sale at a particular time for a particular price.

**VARIABLE COSTS:** Production costs which vary in proportion to output; e.g., costs of raw materials, labor, shipping, etc.



# Junior Achievement Objectives

## TO PROVIDE THE YOUTH OF TODAY

### Knowledge

of the values, freedoms and responsibilities of our business system

### Experience

in the organization, operation and management of a business

### Motivation

for leadership through the development of skills, abilities and confidence

### Demonstration

of the relationships within business and between business and the community

### Supplement

to the formal educational experience of youth by a constructive, learning by doing, experience

### Preview

of career opportunities in business.

## THESE OBJECTIVES ARE ACCOMPLISHED BY PROVIDING

### Advisers

to guide J. A. companies, to interpret experiences in J. A. and to relate them to the business system

### Facilities

to serve as a business laboratory where J. A. companies may carry on the processes involved in operating small business enterprises

### Information

to demonstrate in a practical way the principles underlying the business system through the use of understandable and usable written materials, demonstrations, lectures, seminars and other activities

### Leadership

through community participation of educators, business and civic leaders in a constructive program for youth.

*I'm putting  
down Martin!  
not Marty!  
Martin is the business name  
I use now, Marta!  
Come on,  
Martin, you  
never got married!*



50

2008

~~Stamps~~  
must turn on

*(one DAY - ALWAYS!) no more  
at A TIME - always! move to the middle & a.*

(Tues. MARCH BOYS)  
 (Tues. MARCH BOYS)  
 (Tues. MARCH BOYS)

*(Faint handwriting)*

(one DAY AT A TIME - ALWAYS!) No more excuses, no more "I'll do it later".

Lead to the Bridge

[illegible]

new, that's fair!

*Handwritten:* Worms and

Two drivers  
and money  
in city  
don't  
The hottest  
disco couple  
in town.

~~COFACARANA~~

~~the  
ride  
cup~~

~~you mean~~  
~~eff. you see boy?~~

That's  
made  
11/11/11